

CITY OF NEWARK
ANNUAL REPORT
YEAR ENDED DECEMBER 31, 1999

WOLFE, WILSON & PHILLIPS, INC.
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF NEWARK
ANNUAL REPORT
YEAR ENDED DECEMBER 31, 1999

**CITY OF NEWARK
LICKING COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

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

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, 1999 through December 31, 1999. 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.



JIM PETRO
Auditor of State

June 29, 2000

WOLFE, WILSON, & PHILLIPS, INC.

CERTIFIED PUBLIC ACCOUNTANTS

37 S. SEVENTH STREET • ZANESVILLE, OHIO 43701

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general-purpose financial statements of City of Newark as of and for the year ended December 31, 1999. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 general-purpose financial statements referred to above present fairly, in all material respects, the financial position of City of Newark as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 31, 2000, on our consideration of 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.

Our audit was made for the purpose of forming an opinion on the financial statements of the City, taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. The Schedules of General Fixed Assets, and Combining Statement of Changes in Assets and Liabilities – Agency Funds are presented for purposes of additional analysis and are not a required part of the financial statements. The information in those schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Wolfe, Wilson, & Phillips, Inc.

Zanesville, Ohio
May 31, 2000

Brad Wolfe, J.D., M.B.A., CPA
Joseph W. Wilson, M.B.A., CPA, CMA
Kenneth B. Phillips, CPA

**THE CITY OF NEWARK, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999**

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
<u>Assets and Other Debits:</u>				
Assets:				
Cash and Cash Equivalents	\$1,417,792	\$889,160	\$51,250	\$765,571
Investments	1,619,340	734,903	16,187	1,004,078
Receivables (net of allowance for doubtful accounts):				
Taxes	1,813,955	1,945,683	0	0
Accounts	2,267	18,146	0	0
Special Assessments	0	0	376,467	0
Loans	0	2,936,594	0	0
Interest	89,832	4,979	0	0
Due from Other Funds	42,939	0	0	0
Intergovernmental Receivables	543,139	104,666	0	0
Inventory of Supplies at Cost	78,419	225,898	0	0
Prepaid Items	28,109	6,824	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	0
Cash With Fiscal Agent	0	689,313	0	0
Investments	0	0	0	0
Deferred Charge	0	0	0	0
Deferred Loss on Early Retirement of Bonds	0	0	0	0
Fixed Assets (net of accumulated depreciation)	0	0	0	0
Construction in Progress	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	<u>\$5,635,792</u>	<u>\$7,556,166</u>	<u>\$443,904</u>	<u>\$1,769,649</u>

**THE CITY OF NEWARK, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999**

<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Types</i>	<i>Account Groups</i>		Totals (Memorandum Only)
Enterprise Funds	Internal Service Funds	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
\$7,434,194	\$2,257,527	\$352,065	\$0	\$0	\$13,167,559
3,059,981	0	68,226	0	0	6,502,715
0	0	0	0	0	3,759,638
899,866	170	3,062	0	0	923,511
0	0	0	0	0	376,467
0	0	0	0	0	2,936,594
3,169	0	1,001	0	0	98,981
0	0	0	0	0	42,939
0	0	0	0	0	647,805
372,980	0	0	0	0	677,297
11,315	0	0	0	0	46,248
0	0	394,313	0	0	394,313
14,732	0	0	0	0	704,045
0	0	479,775	0	0	479,775
199,656	0	0	0	0	199,656
866,834	0	0	0	0	866,834
38,065,168	0	0	23,751,161	0	61,816,329
291,995	0	0	100,393	0	392,388
0	0	0	0	66,627	66,627
0	0	0	0	8,098,929	8,098,929
<u>\$51,219,890</u>	<u>\$2,257,697</u>	<u>\$1,298,442</u>	<u>\$23,851,554</u>	<u>\$8,165,556</u>	<u>\$102,198,650</u>

(Continued)

**THE CITY OF NEWARK, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999**

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
<u>Liabilities, Equity and Other Credits:</u>				
Liabilities:				
Accounts Payable	\$171,984	\$180,225	\$0	\$65,879
Accrued Wages and Benefits	1,325,557	291,750	0	0
Due to Other Funds	0	42,939	0	0
Intergovernmental Payables	16,379	39,861	0	0
Due to Others	0	0	0	0
Matured Bonds and Interest Payable	0	0	0	0
Accrued Interest Payable	0	0	0	21,435
Deferred Revenue	1,936,059	4,465,409	376,467	0
General Obligation Notes Payable	0	0	0	890,000
Compensated Absences Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Special Assessment Bonds Payable with Governmental Commitment	0	0	0	0
Ohio Water Development Authority Loan Payable	0	0	0	0
Accrued Pension Liability	0	0	0	0
Total Liabilities	<u>3,449,979</u>	<u>5,020,184</u>	<u>376,467</u>	<u>977,314</u>
Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved:	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	314,814	490,910	810	539,251
Reserved for Supplies Inventory	78,419	225,898	0	0
Reserved for Prepaid Items	28,109	6,824	0	0
Reserved for Loans Receivable	0	2,936,594	0	0
Reserved for Debt Service	0	0	66,627	0
Reserved for Endowments	0	0	0	0
Unreserved:				
Undesignated	1,764,471	(1,124,244)	0	253,084
Total Equity and Other Credits	<u>2,185,813</u>	<u>2,535,982</u>	<u>67,437</u>	<u>792,335</u>
Total Liabilities, Equity and Other Credits	<u>\$5,635,792</u>	<u>\$7,556,166</u>	<u>\$443,904</u>	<u>\$1,769,649</u>

The notes to the general purpose financial statements are an integral part of this statement.

**THE CITY OF NEWARK, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999**

<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Types</i>	<i>Account Groups</i>		Totals (Memorandum Only)
Enterprise Funds	Internal Service Funds	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
\$539,383	\$130,947	\$42,668	\$0	\$0	\$1,131,086
267,148	0	0	0	0	1,884,455
0	0	0	0	0	42,939
22,271	0	259,680	0	0	338,191
0	0	74,238	0	0	74,238
14,732	0	0	0	0	14,732
387,452	0	0	0	0	408,887
0	0	0	0	0	6,777,935
0	0	0	0	0	890,000
478,582	0	0	0	1,962,986	2,441,568
0	0	0	0	557,382	557,382
16,707,486	0	0	0	3,200,000	19,907,486
0	0	0	0	166,188	166,188
8,980,516	0	0	0	0	8,980,516
0	0	0	0	2,279,000	2,279,000
<u>27,397,570</u>	<u>130,947</u>	<u>376,586</u>	<u>0</u>	<u>8,165,556</u>	<u>45,894,603</u>
0	0	0	23,851,554	0	23,851,554
17,371,185	0	0	0	0	17,371,185
6,451,135	2,126,750	0	0	0	8,577,885
0	0	650	0	0	1,346,435
0	0	0	0	0	304,317
0	0	0	0	0	34,933
0	0	0	0	0	2,936,594
0	0	0	0	0	66,627
0	0	540,512	0	0	540,512
0	0	380,694	0	0	1,274,005
<u>23,822,320</u>	<u>2,126,750</u>	<u>921,856</u>	<u>23,851,554</u>	<u>0</u>	<u>56,304,047</u>
<u>\$51,219,890</u>	<u>\$2,257,697</u>	<u>\$1,298,442</u>	<u>\$23,851,554</u>	<u>\$8,165,556</u>	<u>\$102,198,650</u>

THE CITY OF NEWARK, OHIO
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	<i>Governmental</i>			<i>Fiduciary</i>		Totals (Memorandum Only)
	<i>Fund Types</i>			<i>Fund Type</i>		
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Funds	
Revenues:						
Taxes	\$1,692,426	\$11,980,485	\$0	\$0	\$0	\$13,672,911
Intergovernmental Revenues	4,299,438	4,054,896	0	364,598	0	8,718,932
Charges for Services	169,318	968,225	0	0	161,787	1,299,330
Licenses, Permits and Fees	1,316,791	79,202	0	0	0	1,395,993
Investment Earnings	796,117	34,844	0	110,406	31,119	972,486
Special Assessments	0	0	37,013	0	0	37,013
Fines and Forfeitures	1,323,932	69,796	0	0	0	1,393,728
All Other Revenues	205,452	236,730	0	38,638	8,810	489,630
Total Revenues	<u>9,803,474</u>	<u>17,424,178</u>	<u>37,013</u>	<u>513,642</u>	<u>201,716</u>	<u>27,980,023</u>
Expenditures:						
Current:						
Security of Persons and Property	11,090,405	970,554	0	0	1,075	12,062,034
Public Health and Welfare Services	1,485,064	502,782	0	0	0	1,987,846
Leisure Time Activities	0	781,835	0	0	6,915	788,750
Community Environment	965,825	1,530,491	0	0	0	2,496,316
Transportation	0	3,009,431	0	0	0	3,009,431
General Government	5,342,151	789,322	5,430	0	147,162	6,284,065
Capital Outlay	0	0	0	3,054,466	0	3,054,466
Debt Service:						
Principal Retirements	0	0	8,093	15,000	0	23,093
Interest and Fiscal Charges	0	0	1,320	196,246	0	197,566
Total Expenditures	<u>18,883,445</u>	<u>7,584,415</u>	<u>14,843</u>	<u>3,265,712</u>	<u>155,152</u>	<u>29,903,567</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,079,971)	9,839,763	22,170	(2,752,070)	46,564	(1,923,544)
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	0	34,975	0	0	0	34,975
Proceeds from General Obligation Bonds	0	0	0	3,200,000	0	3,200,000
Operating Transfers In	10,267,810	1,787,885	0	2,695,563	50,000	14,801,258
Operating Transfers Out	(1,396,058)	(12,740,549)	(38,472)	(309,410)	(10,132)	(14,494,621)
Other Financing Sources - Capital Lease	0	0	0	406,800	0	406,800
Total Other Financing Sources (Uses)	<u>8,871,752</u>	<u>(10,917,689)</u>	<u>(38,472)</u>	<u>5,992,953</u>	<u>39,868</u>	<u>3,948,412</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(208,219)	(1,077,926)	(16,302)	3,240,883	86,432	2,024,868
Fund Balance (Deficit) Beginning of Year	2,393,745	3,597,664	83,739	(2,448,548)	294,274	3,920,874
Increase in Inventory Reserve	287	16,244	0	0	0	16,531
Fund Balance End of Year	<u>\$2,185,813</u>	<u>\$2,535,982</u>	<u>\$67,437</u>	<u>\$792,335</u>	<u>\$380,706</u>	<u>\$5,962,273</u>

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF NEWARK, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	<i>General Fund</i>			<i>Special Revenue Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$1,869,890	\$1,692,426	(\$177,464)	\$11,542,790	\$11,933,355	\$390,565
Intergovernmental Revenues	3,917,219	4,239,644	322,425	5,959,507	4,186,037	(1,773,470)
Charges for Services	217,016	168,555	(48,461)	1,107,174	963,612	(143,562)
Licenses, Permits and Fees	1,053,505	1,315,644	262,139	122,000	79,465	(42,535)
Investment Earnings	885,000	775,191	(109,809)	29,600	33,787	4,187
Special Assessments	0	0	0	0	0	0
Fines and Forfeitures	1,125,000	1,323,932	198,932	68,822	69,819	997
All Other Revenues	219,020	208,383	(10,637)	383,857	236,767	(147,090)
Total Revenues	<u>9,286,650</u>	<u>9,723,775</u>	<u>437,125</u>	<u>19,213,750</u>	<u>17,502,842</u>	<u>(1,710,908)</u>
Expenditures:						
Current:						
Security of Persons and Property	11,839,495	11,269,952	569,543	1,086,062	988,037	98,025
Public Health and Welfare Services	1,904,298	1,515,978	388,320	579,873	513,569	66,304
Leisure Time Activities	0	0	0	1,180,305	879,300	301,005
Community Environment	1,013,200	974,726	38,474	3,098,432	1,724,009	1,374,423
Transportation	78,716	27,426	51,290	3,490,167	3,214,924	275,243
General Government	6,346,198	5,574,278	771,920	962,821	814,333	148,488
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	<u>21,181,907</u>	<u>19,362,360</u>	<u>1,819,547</u>	<u>10,397,660</u>	<u>8,134,172</u>	<u>2,263,488</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,895,257)	(9,638,585)	2,256,672	8,816,090	9,368,670	552,580
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	0	0	0	0	34,975	34,975
Proceeds from General Obligation Notes	0	0	0	0	0	0
Proceeds from General Obligation Bonds	0	0	0	0	0	0
Operating Transfers In	10,282,528	10,267,810	(14,718)	2,232,545	1,787,885	(444,660)
Operating Transfers Out	(1,863,690)	(1,396,058)	467,632	(12,870,759)	(12,740,549)	130,210
Advances In	71,456	71,456	0	42,939	42,939	0
Advances Out	(42,939)	(42,939)	0	(71,456)	(71,456)	0
Total Other Financing Sources (Uses)	<u>8,447,355</u>	<u>8,900,269</u>	<u>452,914</u>	<u>(10,666,731)</u>	<u>(10,946,206)</u>	<u>(279,475)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,447,902)	(738,316)	2,709,586	(1,850,641)	(1,577,536)	273,105
Fund Balance at Beginning of Year	2,770,477	2,770,477	0	1,919,358	1,919,358	0
Prior Year Encumbrances	506,461	506,461	0	620,769	620,769	0
Fund Balance at End of Year	<u>(\$170,964)</u>	<u>\$2,538,622</u>	<u>\$2,709,586</u>	<u>\$689,486</u>	<u>\$962,591</u>	<u>\$273,105</u>

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF NEWARK, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

<i>Debt Service Fund</i>			<i>Capital Projects Funds</i>			<i>Totals (Memorandum Only)</i>		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0	\$13,412,680	\$13,625,781	\$213,101
0	0	0	320,000	364,598	44,598	10,196,726	8,790,279	(1,406,447)
0	0	0	0	0	0	1,324,190	1,132,167	(192,023)
0	0	0	0	0	0	1,175,505	1,395,109	219,604
0	0	0	151,137	128,731	(22,406)	1,065,737	937,709	(128,028)
175,808	37,013	(138,795)	0	0	0	175,808	37,013	(138,795)
0	0	0	0	0	0	1,193,822	1,393,751	199,929
1,000	0	(1,000)	56,121	49,968	(6,153)	659,998	495,118	(164,880)
176,808	37,013	(139,795)	527,258	543,297	16,039	29,204,466	27,806,927	(1,397,539)
0	0	0	0	0	0	12,925,557	12,257,989	667,568
0	0	0	0	0	0	2,484,171	2,029,547	454,624
0	0	0	0	0	0	1,180,305	879,300	301,005
0	0	0	0	0	0	4,111,632	2,698,735	1,412,897
0	0	0	0	0	0	3,568,883	3,242,350	326,533
8,800	6,240	2,560	0	0	0	7,317,819	6,394,851	922,968
0	0	0	3,587,411	3,203,952	383,459	3,587,411	3,203,952	383,459
8,093	8,093	0	9,412,000	9,412,000	0	9,420,093	9,420,093	0
81,057	1,320	79,737	296,880	287,749	9,131	377,937	289,069	88,868
97,950	15,653	82,297	13,296,291	12,903,701	392,590	44,973,808	40,415,886	4,557,922
78,858	21,360	(57,498)	(12,769,033)	(12,360,404)	408,629	(15,769,342)	(12,608,959)	3,160,383
0	0	0	0	0	0	0	34,975	34,975
0	0	0	4,586,000	4,606,000	20,000	4,586,000	4,606,000	20,000
0	0	0	3,120,000	3,120,000	0	3,120,000	3,120,000	0
0	0	0	2,652,150	2,695,563	43,413	15,167,223	14,751,258	(415,965)
(38,472)	(38,472)	0	(352,269)	(309,410)	42,859	(15,125,190)	(14,484,489)	640,701
0	0	0	0	0	0	114,395	114,395	0
0	0	0	0	0	0	(114,395)	(114,395)	0
(38,472)	(38,472)	0	10,005,881	10,112,153	106,272	7,748,033	8,027,744	279,711
40,386	(17,112)	(57,498)	(2,763,152)	(2,248,251)	514,901	(8,021,309)	(4,581,215)	3,440,094
83,739	83,739	0	2,288,524	2,288,524	0	7,062,098	7,062,098	0
0	0	0	1,124,246	1,124,246	0	2,251,476	2,251,476	0
\$124,125	\$66,627	(\$57,498)	\$649,618	\$1,164,519	\$514,901	\$1,292,265	\$4,732,359	\$3,440,094

THE CITY OF NEWARK, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Type</i>	Totals (Memorandum Only)
	Enterprise Funds	Internal Service Funds	Nonexpendable Trust Fund	
Operating Revenues:				
Charges for Services	\$10,036,248	\$2,611,251	\$8,511	\$12,656,010
Other Operating Revenues	5,751	107,101	0	112,852
Investment Earnings	0	0	(5,307)	(5,307)
Total Operating Revenues	10,041,999	2,718,352	3,204	12,763,555
Operating Expenses:				
Personal Services	3,437,692	2,680,366	0	6,118,058
Materials and Supplies	924,532	0	0	924,532
Contractual Services	2,566,044	6,887	0	2,572,931
Depreciation	2,845,051	0	0	2,845,051
Other Operating Expenses	937	0	0	937
Total Operating Expenses	9,774,256	2,687,253	0	12,461,509
Operating Income	267,743	31,099	3,204	302,046
Nonoperating Revenues (Expenses):				
Investment Earnings	130,440	3,435	0	133,875
Interest and Fiscal Charges	(1,216,882)	0	0	(1,216,882)
Loss on Disposal of Fixed Assets	0	0	0	0
Total Nonoperating Revenues (Expenses)	(1,086,442)	3,435	0	(1,083,007)
Income (Loss) Before Operating Transfers	(818,699)	34,534	3,204	(780,961)
Operating Transfers:				
Operating Transfers In	629,930	0	0	629,930
Operating Transfers Out	(836,567)	(100,000)	0	(936,567)
Total Operating Transfers	(206,637)	(100,000)	0	(306,637)
Net Income (Loss)	(1,025,336)	(65,466)	3,204	(1,087,598)
Retained Earnings/Fund Balance at Beginning of Year	7,476,471	2,192,216	537,308	10,205,995
Retained Earnings/Fund Balance at End of Year	\$6,451,135	\$2,126,750	\$540,512	\$9,118,397

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF NEWARK, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<i>Proprietary</i>		<i>Fiduciary</i>	Totals (Memorandum Only)
	<i>Fund Types</i>		<i>Fund Type</i>	
	Enterprise Funds	Internal Service Funds	Nonexpendable Trust Fund	
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$10,163,721	\$0	\$9,797	\$10,173,518
Cash Received from Quasi-External Operating Transactions from Other Funds	0	2,718,182	0	2,718,182
Cash Payments for Goods and Services	(3,348,020)	(2,637,594)	0	(5,985,614)
Cash Payments to Employees	(3,421,710)	0	0	(3,421,710)
Net Cash Provided by Operating Activities	3,393,991	80,588	9,797	3,484,376
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers In from Other Funds	629,930	0	0	629,930
Transfers Out to Other Funds	(836,567)	(100,000)	0	(936,567)
Net Cash Used for Noncapital Financing Activities	(206,637)	(100,000)	0	(306,637)
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Assets	(653,203)	0	0	(653,203)
Principal Paid on General Obligation Bonds	(1,010,000)	0	0	(1,010,000)
Proceeds from General Obligation Bonds	0	0	0	0
Proceeds from Notes	0	0	0	0
Principal Paid on Ohio Water Development Authority Loan	(374,673)	0	0	0
Interest Paid on All Debt	(1,200,097)	0	0	(1,200,097)
Net Cash Used for Capital and Related Financing Activities	(3,237,973)	0	0	(3,237,973)
<u>Cash Flows from Investing Activities:</u>				
Sale (Purchase) of Investments	(3,059,981)	371,356	15,770	(2,672,855)
Receipts of Interest	135,253	5,789	0	141,042
Net Cash Provided (Used) by Investing Activities	(2,924,728)	377,145	15,770	(2,531,813)
Net Increase (Decrease) in Cash and Cash Equivalents	(2,975,347)	357,733	25,567	(2,592,047)
Cash and Cash Equivalents at Beginning of Year	10,424,273	1,899,794	34,828	12,358,895
Cash and Cash Equivalents at End of Year	\$7,448,926	\$2,257,527	\$60,395	\$9,766,848
<u>Reconciliation of Cash and</u>				
<u>Cash Equivalents per the Balance Sheet:</u>				
Cash and Cash Equivalents	\$7,434,194	\$2,257,527	\$339,002	\$10,030,723
Less Cash and Cash Equivalents in Expendable Trust Fund	0	0	(339,002)	(339,002)
Restricted Cash and Cash Equivalents	0	0	394,313	394,313
Restricted Cash with Fiscal Agent	14,732	0	0	14,732
Less Restricted Cash in Agency Funds	0	0	(333,918)	(333,918)
Cash and Cash Equivalents at End of Year	\$7,448,926	\$2,257,527	\$60,395	\$9,766,848

(Continued)

THE CITY OF NEWARK, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<i>Proprietary</i>		<i>Fiduciary</i>	Totals (Memorandum Only)
	<i>Fund Types</i>		<i>Fund Type</i>	
	Enterprise Funds	Internal Service Funds	Nonexpendable Trust Fund	
Reconciliation of Operating Income to Net Cash				
Provided by Operating Activities:				
Operating Income	\$267,743	\$31,099	\$3,204	\$302,046
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation Expense	2,845,051	0	0	2,845,051
Investment Earnings	0	0	5,307	5,307
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	121,722	(170)	1,286	122,838
Decrease in Inventory	17,432	0	0	17,432
Decrease in Prepaid Items	1,754	0	0	1,754
Increase in Accounts Payable	111,072	49,659	0	160,731
Increase in Accrued Wages and Benefits	11,501	0	0	11,501
Increase in Intergovernmental Payable	13,235	0	0	13,235
Increase in Compensated Absences	4,481	0	0	4,481
Total Adjustments	<u>3,126,248</u>	<u>49,489</u>	<u>6,593</u>	<u>3,182,330</u>
Net Cash Provided by Operating Activities	<u>\$3,393,991</u>	<u>\$80,588</u>	<u>\$9,797</u>	<u>\$3,484,376</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 1999, the Water and Sewer Funds had outstanding liabilities of \$120,646 and \$55,459, respectively for certain capital assets. During 1999 the fair value of investments decreased by \$5,307 in the Cemetery Endowment Fund.

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF NEWARK, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1999

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 accompanying general purpose financial statements of the City present the financial position of the various fund types and account groups, the results of operations of the various fund types and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 1999 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 general purpose 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, account groups, 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 and account groups, 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 various funds are summarized by type in the general purpose financial statements. The following fund types and account groups are used by the City:

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 governmental fund types:

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.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund - This fund is used for the accumulation of resources for, and the payment of, general obligation and special assessment long-term debt principal and interest other than those accounted for in the proprietary funds.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary funds).

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. Fund equity (i.e., net assets) is segregated into contributed capital and retained earnings components. 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 maintains separate enterprise funds for its water and sewer utility services.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)*Fiduciary Funds*

Trust and Agency Funds - These funds are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City maintains expendable trust funds, a nonexpendable trust fund and agency funds. Expendable trust funds are accounted for and reported similarly to governmental funds. The nonexpendable trust fund is accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for fixed assets of the City other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term debt of the City except those accounted for in the proprietary funds.

C. 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 and the expendable trust and agency 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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, 1999 but are not intended to finance 1999 operations, and delinquent property taxes whose availability is indeterminate, are recorded as deferred revenue as further described in Note 4.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds and the nonexpendable trust fund. 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.

D. 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 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.

I. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)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 statement reflect the amounts in the final amended official certificate of estimated resources issued during 1999.

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 "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types" are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying general purpose financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

5. 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.

6. 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).

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)6. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary cash basis statements for the governmental funds:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Project Funds
GAAP Basis (as reported)	(\$208,219)	(\$1,077,926)	(\$16,302)	\$3,240,883
Increase (Decrease):				
Accrued Revenues at December 31, 1999 received during 2000	(567,753)	(1,234,423)	0	0
Accrued Revenues at December 31, 1998 received during 1999	516,571	1,313,087	0	18,808
Accrued Expenditures at December 31, 1999 paid during 2000	1,513,920	554,775	0	87,314
Accrued Expenditures at December 31, 1998 paid during 1999	(1,507,366)	(472,457)	0	(199,126)
1998 Prepays for 1999	29,470	7,253	0	0
1999 Prepays for 2000	(28,109)	(6,824)	0	0
Fund Debt:				
Note Proceeds	0	0	0	4,606,000
Note Retirements	0	0	0	(9,397,000)
Outstanding Encumbrances	(486,830)	(661,021)	(810)	(605,130)
Budget Basis	(\$738,316)	(\$1,577,536)	(\$17,112)	(\$2,248,251)

E. 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 3, "Cash, Cash Equivalents and Investments."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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 3, "Cash, Cash Equivalents and Investments".

The City has invested funds in the STAR Ohio during 1999. 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, 1999.

G. 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.

H. Fixed Assets and Depreciation

The accounting and reporting treatment applied to fixed assets is determined by their ultimate use:

1. Property, Plant and Equipment - General Governmental Purposes

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received.

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City; therefore, the purpose of stewardship for capital expenditures can be satisfied without recording these assets.

The City has elected not to record depreciation in the General Fixed Assets Account Group.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation (Continued)

2. Property, Plant and Equipment - Proprietary Funds

Property, plant and equipment (water and sewer lines) acquired by the proprietary funds are stated at estimated historical cost. Contributed fixed assets are recorded at fair market value on the date received.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Estimated Lives (Years)
Buildings	3 - 10
Improvements other than Buildings	60
Machinery, Equipment, Furniture and Fixtures	3 - 10

I. Long-Term Obligations

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

Obligation	Fund
General Obligation Bonds	Water Fund
Special Assessment Bonds	Debt Service Fund Capital Improvement Fund
OWDA Loan	Sewer Fund
Capital Leases	Street Department Fund
Compensated Absences	General Fund Street Department Fund Income Tax 1% Fund Cemetery Fund Community Development Block Grant Fund Parks and Recreation Fund Rental Rehabilitation Fund Traffic Control Fund Water Fund Sewer Fund
Accrued Pension Liability	General Fund

J. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences (Continued)

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.

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 remaining portion of the liability is reported in the General Long-Term Obligations Account Group.

K. Pensions

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

L. 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.

M. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds. Interfund transactions are generally classified as follows:

- Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund and "Operating Transfers Out" by the disbursing fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Interfund Transactions (Continued)

- Residual Equity Transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance. The City did not perform any residual equity transfers in 1999.

Transactions that would be treated as revenues and expenditures if the transactions involved organizations external to the City are similarly treated when involving other funds of the City. The City also advances cash from one fund to another as necessary to meet current obligations.

N. 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.

O. Contributed Capital

Proprietary fund type contributed capital is recorded at the fair market value of the related assets at the date received. Depreciation on contributed fixed assets resulting from grants, entitlements and shared revenues is recorded as an operating expense and closed along with other operating expenses directly to retained earnings.

P. Total Columns on Combined Financial Statements - Overview

Total columns on the "Combined Financial Statements - Overview" are captioned "Memorandum Only" to indicate they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities

The fund deficits at December 31, 1999 of \$1,970 in the Cemetery Fund, \$11,798 in the Victims of Crime Act Grant Fund, \$25,210 in the Probation Grant Fund, \$5,800 in the Police Grant Fund, (special revenue funds), \$36,200 in the City Hall Upgrade Fund, \$800 in the Deo Drive Improvement Fund (capital projects funds) \$4,571 in the Law Library Fund (expendable trust fund) and \$1,814,346 in the Sewer Fund (enterprise fund) arose from the recognition of expenditures/expenses on the modified accrual/accrual basis of accounting which are greater than expenditures/expenses recognized on the budgetary/cash basis. The fund deficits of \$159,355 in the North Fork Flood Control Fund, \$133,640 in the Cedar Hill Expansion Fund, \$36,200 in the City Hall Upgrade Fund, and \$800 in the Deo Drive Improvement Fund (capital projects funds) are the result of recording notes payable amounts in the individual fund balance sheets. Operating transfers are provided when cash is required, not when accruals occur.

NOTE 3 - 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 two 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).

NOTE 3 - 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 110% 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 \$8,532,041 and the bank balance \$9,185,212. Federal depository insurance covered \$600,000 of the bank balance. All remaining deposits were classified as Category 3.

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

B. Investments

The City's investments at December 31, 1999 are summarized below:

<u>Categorized Investments</u>	Category 1	Category 2	Fair Value
United States Securities	\$799,577	\$0	\$799,577
Deo Drive Improvement Note	100,000	0	100,000
City Building Improvement Note	75,000	0	75,000
City of Newark:			
Special Assessment Bond:			
Yorkshire/Willrich	16,187	0	16,187
Repurchase Agreement	0	1,120,071	1,120,071
Total Categorized Investments	990,764	1,120,071	2,110,835
<u>Non-Categorized Investments</u>			
STAR Ohio	N/A	N/A	9,833,260
Mutual Funds	N/A	N/A	68,226
Total Non-Categorized Investments	N/A	N/A	9,901,486
Total Investments	\$990,764	\$1,120,071	\$12,012,321

In addition to deposits and investments, the City has cash with fiscal agents in the amount of \$14,732, 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 \$689,313 being held by the Licking County Engineer. This cash is restricted in its use for various road improvement projects.

D. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined 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 combined financial statements and the classifications per items A and B of this note are as follows:

	Cash and Cash Equivalents *	Investments
Per Combined Balance Sheet	\$13,561,872	\$6,982,490
Certificates of Deposit (with maturities of more than 3 months)	5,923,500	(5,923,500)
Investments:		
STAR Ohio	(9,833,260)	9,833,260
Repurchase Agreement	(1,120,071)	1,120,071
Per GASB Statement No. 3	\$8,532,041	\$12,012,321

* Does not include Cash with Fiscal Agent

NOTE 4 - 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 1999 were levied after October 1, 1998 on assessed values as of January 1, 1998, 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 1993. 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, 1999 was \$3.70 per \$1,000 of assessed value. The assessed value upon which the 1999 levy was based was \$634,518,960. This amount constitutes \$545,493,340 in real property assessed value, \$29,461,150 in public utility assessed value and \$59,564,470 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 .0037% (3.70 mills) of assessed value.

NOTE 4 - 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 5 - RECEIVABLES

Receivables at December 31, 1999 consisted of taxes, interest, accounts, loans, special assessments and intergovernmental receivables arising from shared revenues.

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 1999 consist of the following individual fund receivables and payables:

Fund	Due From Other Funds	Due To Other Funds
General Fund	\$42,939	\$0
Special Revenue Funds:		
Community Development	0	5,032
Police Grant	0	8,636
Probation Grant	0	20,407
Victims of Crime Act Grant	0	8,864
Totals	\$42,939	\$42,939

NOTE 7 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for 1999:

Fund	Transfer In	Transfer Out
General Fund	\$10,267,810	\$1,396,058
Special Revenue Funds:		
Street Department	349,518	241,631
Cemetery	228,136	0
Parks and Recreation	567,861	0
Traffic Control	574,931	0
Compost Facility	1,425	0
Income Tax 1/4%	0	2,820,188
Income Tax 1%	65,000	9,205,602
Community Development	0	1,014
Police/Fire Pension	0	337,782
Cemetery Rental	0	18,000
State Highway	0	106,050
Impound Fund	0	10,000
Federal Transit Administration	450	0
Litter Grant	564	0
JAIBA	0	282
Total Special Revenue Funds	1,787,885	12,740,549
Debt Service Fund:		
Debt Service Fund	0	38,472
Capital Projects Funds:		
North Fork Flood Control	58,177	0
Cedar Hill Expansion	57,180	0
Capital Improvement	2,395,129	302,847
Community Improvements	0	6,563
East Main Street Bridge Replacement	36,850	0
Tax Increment Financing	148,227	0
Total Capital Projects Funds	2,695,563	309,410
Expendable Trust Funds:		
Liability Insurance	50,000	0
Cemetery Open and Close	0	5,898
Cemetery Vault	0	4,234
Total Expendable Trust Funds	50,000	10,132
Enterprise Funds:		
Water Fund	627,517	104,525
Sewer Fund	2,413	732,042
Total Enterprise Funds	629,930	836,567
Internal Service Fund:		
Workers' Compensation	0	100,000
Totals	\$15,431,188	\$15,431,188

NOTE 8 - FIXED ASSETS

A. General Fixed Assets

Summary by Category of changes in General Fixed Assets:

Category	December 31, 1998	Additions	Deletions	December 31, 1999
Land	\$585,727	\$40,000	\$0	\$625,727
Buildings and Improvements	6,845,124	0	0	6,845,124
Land Improvements	3,484,264	20,690	0	3,504,954
Machinery and Equipment	12,047,636	763,107	(35,387)	12,775,356
Construction in Progress	2,581,897	100,393	(2,581,897)	100,393
Totals	<u>\$25,544,648</u>	<u>\$924,190</u>	<u>(\$2,617,284)</u>	<u>\$23,851,554</u>

Summary by Category and Investment at December 31, 1999:

General Fixed Assets	Investment in General Fixed Assets	
	General Fund	Special Revenue Funds
Land	\$625,727	\$5,195,409
Buildings and Improvements	6,845,124	5,086,203
Land Improvements	3,504,954	12,013,139
Machinery and Equipment	12,775,356	46,483
Construction in Progress	100,393	982,580
Total	<u>\$23,851,554</u>	<u>\$23,851,554</u>

B. Proprietary Fixed Assets

Summary by Category at December 31, 1999:

Category	Historic Cost	Accumulated Depreciation	Book Value
Land	\$170,500	\$0	\$170,500
Buildings and Improvements	21,038,131	(5,143,232)	15,894,899
Land Improvements	2,610,534	(867,467)	1,743,067
Infrastructure	6,020,051	(2,816,359)	3,203,692
Machinery and Equipment	33,631,873	(16,578,863)	17,053,010
Construction in Progress	291,995	0	291,995
Property, Plant and Equipment	<u>\$63,763,084</u>	<u>(\$25,405,921)</u>	<u>\$38,357,163</u>

NOTE 9 – 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. Public Employees Retirement System (the "PERS of Ohio")

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

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in the PERS of Ohio, a cost-sharing multiple employer defined benefit pension plan. The PERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the PERS of Ohio. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The 1999 employer contribution rate for local government employer units was 13.55%, of covered payroll, 9.35% to fund the pension and 4.2% 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 PERS of Ohio for the years ending December 31, 1999, 1998 and 1997 were \$1,429,110, \$1,399,565 and \$1,324,984, respectively, which were equal to the required contributions for each year.

The PERS of Ohio 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. A portion of each employer's contribution to the PERS of Ohio 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 PERS of Ohio. The portion of the 1999 employer contribution rate (identified above) that was used to fund health care for the year 1999 was 4.2% of covered payroll which amounted to \$442,971.

Other Postemployment Benefits (OPEB) are financed through employer contributions and investment earnings thereon. Funding and accounting were on a pay-as-you-go basis. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. Expenditures for other postemployment benefits during 1999 were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)**A. Public Employees Retirement System (the “PERS of Ohio”) (Continued)**

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

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, 1999, 1998 and 1997 were \$642,758, \$596,172 and \$570,110 for police and \$764,450, \$732,404 and \$671,592 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 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 1999 covered payroll that was used to fund postemployment health care benefits was \$230,734 representing 7.00% of covered payroll for police and \$222,965 representing 7.00% 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. As of December 31, 1998, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 11,424 for police and 9,186 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, 1998 were \$78,596,790, which was net of member contributions of \$5,331,515.

NOTE 10 – COMPENSATED ABSENCES

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments. Accrued employee benefits for governmental funds not currently due and payable at year end are recorded in the General Long-Term Obligations Account Group. At December 31, 1999, the total accumulated unpaid sick leave time recorded in the General Long-Term Obligations Account Group was:

	Hours	Amount
Sick Leave	142,917	\$858,584
Vacation Time	50,692	910,254
Compensation Time	10,696	194,148
Total	<u>204,305</u>	<u>\$1,962,986</u>

The portion attributable to the enterprise funds has been recorded within the respective fund and is not included in the figures presented above.

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. The City has purchased its own Notes Payable for the Deo Drive Extension and City Building Improvements. These are recorded as investments in the fund loaning the money.

	Balance January 1, 1999	Issued (Retired)	Balance December 31, 1999
Capital Projects Notes Payable:			
4.00% Fire Truck	\$480,000	(\$480,000)	\$0
3.50% Fire Truck	0	430,000	430,000
4.00% North Fork Flood Control	205,000	(205,000)	0
3.50% North Fork Flood Control	0	155,000	155,000
4.00% Cedar Hill Cemetery Expansion	180,000	(180,000)	0
3.50% Cedar Hill Cemetery Expansion	0	130,000	130,000
4.00% East Main Street Improvement	3,716,000	(3,716,000)	0
4.02% East Main Street Bridge Improvement	1,100,000	(1,100,000)	0
3.30% East Main Street Improvement	0	3,716,000	0
		(3,716,000)	0
4.00% Deo Drive Extension	0	100,000	100,000
4.00% City Building Improvement	0	75,000	75,000
Total Capital Projects Notes Payable	<u>\$5,681,000</u>	<u>(\$4,791,000)</u>	<u>\$890,000</u>

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

Long-term debt and other long-term obligations of the City at December 31, 1999 were as follows:

		Balance December 31, 1998	Issued (Retired)	Balance December 31, 1999
Enterprise Funds:				
General Obligation Bonds:				
1993 Water System Improvement	2018	\$4,818,895	(\$620,000)	
			9,766	\$4,208,661
1998 Water System Improvement Refunding	2018	12,888,825	(390,000)	12,498,825
Total General Obligation Bonds		17,707,720	(1,000,234)	16,707,486
Ohio Water Development Authority Loan (OWDA):				
1986 Loan # 782	2013	9,355,189	(374,673)	8,980,516
Total Enterprise Long-Term Debt		\$27,062,909	(\$1,374,907)	\$25,688,002
General Long-Term Debt:				
General Obligation Bond:				
1999 East Main Street Improvement	2019	\$0	\$3,200,000	\$3,200,000
Special Assessment Bonds:				
1992 Yorkshire/Willrich Sanitary Sewer	2001	24,281	(8,093)	16,188
1997 Hudson Avenue Street Lighting	2007	165,000	(15,000)	150,000
Total Special Assessment Bonds (with Governmental Commitment)		189,281	(23,093)	166,188
Other Long-Term Obligations:				
Compensated Absences		1,720,281	242,705	1,962,986
Capital Leases		209,808	406,800	
			(59,226)	557,382
Accrued Pension Liability		2,306,270	(27,270)	2,279,000
Total Other Long-Term Obligations		4,236,359	563,009	4,799,368
Total General Long-Term Debt and Other Long-Term Obligations		\$4,425,640	\$3,739,916	\$8,165,556

The principal amount of the City's special assessment debt outstanding at December 31, 1999, \$166,188, 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 portion of the fund balance of \$67,437 in the Debt Service Fund at December 31, 1999 is available for the retirement of outstanding special assessment bonds.

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

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, 1999 was \$4,431,874 in principal and interest payments through the year 2035. Only the principal amount of \$2,279,000 is included in the Long-Term Obligations Account Group.

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, 1999 follows:

Years	General Obligation Bonds		Special Assessment Bonds		OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2000	\$1,150,626	\$642,826	\$23,094	\$8,649	\$403,335	\$687,009
2001	1,206,036	548,120	23,094	7,311	434,191	656,154
2002	1,266,470	517,224	15,000	5,963	467,406	622,938
2003	1,321,924	426,926	20,000	5,220	503,163	587,183
2004	984,520	763,611	20,000	4,230	541,654	548,691
2005-2009	6,074,085	2,718,475	65,000	6,740	3,396,974	2,054,753
2010-2014	4,527,295	4,261,386	0	0	3,233,793	582,415
2015-2019	3,376,530	3,908,705	0	0	0	0
2020-2035	0	0	0	0	0	0
Totals	\$19,907,486	\$13,787,273	\$166,188	\$38,113	\$8,980,516	\$5,739,143

Years	Accrued Pension Liability		Capital Leases		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2000	\$28,442	\$96,558	\$184,759	\$31,814	\$1,790,256	\$1,466,856
2001	29,664	95,336	63,001	20,682	1,755,986	1,327,603
2002	30,938	94,062	66,471	17,212	1,846,285	1,257,399
2003	32,266	92,734	70,132	13,552	1,947,485	1,125,615
2004	33,652	91,348	39,786	9,689	1,619,612	1,417,569
2005-2009	191,222	433,778	133,233	15,194	9,860,514	5,228,940
2010-2014	235,970	389,030	0	0	7,997,058	5,232,831
2015-2019	291,194	333,806	0	0	3,667,724	4,242,511
2020-2035	1,405,652	526,222	0	0	1,405,652	526,222
Totals	\$2,279,000	\$2,152,874	\$557,382	\$108,143	\$31,890,572	\$21,825,546

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 1997 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, 1999 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 equipment for the street department. The original cost of the equipment, \$673,055, obtained under the capital lease is included in the General Fixed Assets Account Group and the related liability in the General Long-Term Obligations Account Group.

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, 1999:

<u>Year Ending December 31,</u>	<u>Capital Leases</u>
2000	\$216,573
2001	83,684
2002	83,684
2003	83,684
2004	49,475
2005-2007	<u>148,425</u>
Minimum Lease Payments	665,525
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(108,143)</u>
Present value of minimum lease payments	<u>\$557,382</u>

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 1998 and 1999 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 1998 through 1999 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.

Treaty basis casualty excess of loss contracts in force at December 31, 1999 generally protects the Pool against individual losses over \$150,000. For the preceding two year period, the Pool was reinsured for casualty losses as follows:

Policy Period	Stop Loss Amount
November 1, 1998 to October 31, 1999	\$150,000
April 15, 1999 to April 15, 2000	150,000

NOTE 14 - INSURANCE AND RISK MANAGEMENT (Continued)

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

Additionally, treaty basis property coverage protects the Pool against losses subject to a deductible of the lesser of \$50,000 per location or \$100,000 per occurrence. Since November 1, 1990, the Pool is limited to an annual aggregate loss of \$300,000 (\$150,000) 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.

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.

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.

NOTE 16 - CONTRIBUTED CAPITAL

During 1999 there were no changes to contributed capital. The contributed capital balances as of December 31, 1999 are presented below:

Water Fund	Sewer Fund	Total
\$1,621,640	\$15,749,545	\$17,371,185

NOTE 17 - SEGMENT INFORMATION

Included in the services provided by the City financed primarily by user charges are water treatment and distribution and wastewater collection and treatment. The key financial information for the year ended December 31, 1999 for these enterprise activities is as follows:

	Water	Sewer	Total
Operating Revenues	\$5,104,078	\$4,937,921	\$10,041,999
Depreciation	1,212,307	1,632,744	2,845,051
Operating Income	18,714	249,029	267,743
Operating Transfers In	627,517	2,413	629,930
Operating Transfers Out	(104,525)	(732,042)	(836,567)
Net Income (Loss)	70,107	(1,095,443)	(1,025,336)
Property, Plant and Equipment:			
Additions	606,361	187,756	794,117
Deletions	(57,991)	10,876	(47,115)
Total Assets	27,209,413	24,010,477	51,219,890
Net Working Capital	5,941,034	4,624,217	10,565,251
Bonds and Loans Payable	16,707,486	8,980,516	25,688,002
Total Equity	9,887,121	13,935,199	23,822,320

NOTE 18 - SUBSEQUENT EVENTS

The following events have occurred subsequent to year end:

- A. In March of 2000, the City issued \$80,000 of bond anticipation renewal notes in anticipation of the issuance of bonds to provide funds for Cedar Hill Cemetery expansion.
- B. In March of 2000, the City issued \$380,000 of bond anticipation notes in anticipation of the issuance of bonds for the purpose of acquiring fire equipment.
- C. In March of 2000, the City issued \$105,000 of bond anticipation notes in anticipation of the issuance of bonds for the purpose of land acquisition for the North Fork Flood Control Project.
- D. In August of 2000, the City issued \$3,200,000 of bonds for the purpose of making improvements to East Main Street.

THE CITY OF NEWARK, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999

	Balance December 31, 1998	Additions	Deductions	Balance December 31, 1999
<u>Municipal Court</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$270,221	\$3,413,944	(\$3,364,715)	\$319,450
Total Assets	<u>\$270,221</u>	<u>\$3,413,944</u>	<u>(\$3,364,715)</u>	<u>\$319,450</u>
Liabilities:				
Intergovernmental Payables	\$195,428	\$2,592,198	(\$2,527,946)	\$259,680
Due to Others	74,793	821,746	(836,769)	59,770
Total Liabilities	<u>\$270,221</u>	<u>\$3,413,944</u>	<u>(\$3,364,715)</u>	<u>\$319,450</u>
<u>Fire Code Fund</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$5,333	\$28,253	(\$19,118)	\$14,468
Total Assets	<u>\$5,333</u>	<u>\$28,253</u>	<u>(\$19,118)</u>	<u>\$14,468</u>
Liabilities:				
Due to Others	\$5,333	\$28,253	(\$19,118)	\$14,468
Total Liabilities	<u>\$5,333</u>	<u>\$28,253</u>	<u>(\$19,118)</u>	<u>\$14,468</u>
<u>Totals - All Agency Funds</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$275,554	\$3,442,197	(\$3,383,833)	\$333,918
Total Assets	<u>\$275,554</u>	<u>\$3,442,197</u>	<u>(\$3,383,833)</u>	<u>\$333,918</u>
Liabilities:				
Intergovernmental Payables	\$195,428	\$2,592,198	(\$2,527,946)	\$259,680
Due to Others	80,126	849,999	(855,887)	74,238
Total Liabilities	<u>\$275,554</u>	<u>\$3,442,197</u>	<u>(\$3,383,833)</u>	<u>\$333,918</u>

THE CITY OF NEWARK, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
DECEMBER 31, 1999

General Fixed Assets

Land	\$625,727
Buildings and Improvements	6,845,124
Land Improvements	3,504,954
Machinery and Equipment	12,775,356
Construction in Progress	100,393
	<hr/>
Total General Fixed Assets	\$23,851,554
	<hr/> <hr/>

Investment in General Fixed Assets

General Fund	\$5,195,409
Special Revenue Funds	5,086,203
Capital Project Funds	12,013,139
Enterprise Funds	46,483
Bonds	982,580
Grants	372,743
Donated	154,997
	<hr/>
Total Investment in General Fixed Assets	\$23,851,554
	<hr/> <hr/>

THE CITY OF NEWARK, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY CATEGORY
DECEMBER 31, 1999

Function and Activity	Land	Buildings and Improvements	Land Improvements	Machinery and Equipment	Construction in Progress	Total
<u>General Government:</u>						
Mayor	\$0	\$0	\$0	\$12,827	\$0	\$12,827
Auditor	0	0	0	77,877	0	77,877
Treasurer	0	0	0	6,216	0	6,216
Law	0	0	0	97,318	0	97,318
General Administration	475,897	2,171,307	0	596,831	0	3,244,035
Personnel Administration	0	0	0	12,274	0	12,274
Service	0	1,151,081	303,899	205,667	10,162	1,670,809
Engineer	0	0	0	231,612	0	231,612
Information System	0	0	0	151,877	0	151,877
Public Safety	0	0	21,608	150,861	0	172,469
Income Tax	0	0	900	125,639	0	126,539
Code Administration	0	0	0	391,503	0	391,503
Council/Clerk	0	0	3,987	14,048	0	18,035
Municipal Court	0	0	3,800	161,807	0	165,607
Adult Probation	0	0	0	578	0	578
Clerk of Court	0	0	4,607	97,929	0	102,536
General Storage	0	0	0	15,133	0	15,133
Total	<u>475,897</u>	<u>3,322,388</u>	<u>338,801</u>	<u>2,349,997</u>	<u>10,162</u>	<u>6,497,245</u>
<u>Security of Persons and Property:</u>						
Police	0	201,889	0	1,886,818	0	2,088,707
Fire	0	395,385	0	3,507,581	0	3,902,966
Animal Control	0	0	0	34,244	0	34,244
Total	<u>0</u>	<u>597,274</u>	<u>0</u>	<u>5,428,643</u>	<u>0</u>	<u>6,025,917</u>
<u>Transportation:</u>						
Street	0	1,427,281	1,270,148	2,046,957	0	4,744,386
Traffic Control	0	180,475	14,023	1,379,665	0	1,574,163
Total	<u>0</u>	<u>1,607,756</u>	<u>1,284,171</u>	<u>3,426,622</u>	<u>0</u>	<u>6,318,549</u>
<u>Public Health and Welfare:</u>						
Health	0	0	0	267,199	0	267,199
Cemetery	0	564,742	580,312	230,800	0	1,375,854
Total	<u>0</u>	<u>564,742</u>	<u>580,312</u>	<u>497,999</u>	<u>0</u>	<u>1,643,053</u>
<u>Leisure Time Activities:</u>						
Recreation/Seniors	0	744,263	986,313	676,542	90,231	2,497,349
<u>Community Environment:</u>						
Economic and Community Development	149,830	8,701	315,357	395,553	0	869,441
Total General Fixed Assets	<u>\$625,727</u>	<u>\$6,845,124</u>	<u>\$3,504,954</u>	<u>\$12,775,356</u>	<u>\$100,393</u>	<u>\$23,851,554</u>

THE CITY OF NEWARK, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 1999

Function and Activity	December 31, 1998	Transfers	Additions	Deletions	December 31, 1999
<u>General Government:</u>					
Mayor	\$12,827	\$0	\$0	\$0	\$12,827
Auditor	71,126	0	6,751	0	77,877
Treasurer	6,216	0	0	0	6,216
Law	97,318	0	0	0	97,318
General Administration	3,244,035	0	0	0	3,244,035
Personnel Administration	12,274	0	0	0	12,274
Service	1,634,110	9,998	28,845	(2,144)	1,670,809
Engineer	2,800,269	0	13,240	(2,581,897)	231,612
Information System	129,180	16,407	6,290	0	151,877
Public Safety	158,035	14,434	0	0	172,469
Income Tax	115,623	0	10,916	0	126,539
Code Administration	380,311	(37,305)	48,497	0	391,503
Council/Clerk	17,140	0	895	0	18,035
Municipal Court	154,678	0	10,929	0	165,607
Adult Probation	578	0	0	0	578
Clerk of Court	75,309	0	27,227	0	102,536
General Storage	15,133	0	0	0	15,133
Total	<u>8,924,162</u>	<u>3,534</u>	<u>153,590</u>	<u>(2,584,041)</u>	<u>6,497,245</u>
<u>Security of Persons and Property:</u>					
Police	1,930,027	(26,510)	211,700	(26,510)	2,088,707
Fire	3,738,931	0	164,035	0	3,902,966
Animal Control	34,244	0	0	0	34,244
Total	<u>5,703,202</u>	<u>(26,510)</u>	<u>375,735</u>	<u>(26,510)</u>	<u>6,025,917</u>
<u>Transportation:</u>					
Street	4,732,986	0	11,400	0	4,744,386
Traffic Control	1,550,723	(14,434)	39,407	(1,533)	1,574,163
Total	<u>6,283,709</u>	<u>(14,434)</u>	<u>50,807</u>	<u>(1,533)</u>	<u>6,318,549</u>
<u>Public Health and Welfare:</u>					
Health	168,638	26,510	72,051	0	267,199
Cemetery	1,375,099	0	5,955	(5,200)	1,375,854
Total	<u>1,543,737</u>	<u>26,510</u>	<u>78,006</u>	<u>(5,200)</u>	<u>1,643,053</u>
<u>Leisure Time Activities:</u>					
Recreation/Seniors	2,303,252	10,900	183,197	0	2,497,349
<u>Community Environment:</u>					
Economic and Community Development	786,586	0	82,855	0	869,441
Total General Fixed Assets	<u>\$25,544,648</u>	<u>\$0</u>	<u>\$924,190</u>	<u>(\$2,617,284)</u>	<u>\$23,851,554</u>

**CITY OF NEWARK
LICKING COUNTY**

**SCHEDULE OF FEDERAL AWARD EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1999**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	OR AWARD AMOUNT	RECEIPTS	DISBURSEMENTS
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>					
(Direct Award):					
Community Development Block Grant	14.218			<u>\$937,464</u>	<u>\$904,446</u>
Program Home Investment Partnership	14.239			<u>\$454,373</u>	<u>\$322,982</u>
Total U.S. Department of Housing And Urban Development				\$1,391,837	\$1,227,428
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>					
(pass through Ohio Department of Transportation)					
Federal Transit Capital and Operating Formula Grant 20.507				<u>\$487,134</u>	<u>\$487,134</u>
State and Community Highway Safety Grant	20.600			<u>\$34,736</u>	<u>\$62,810</u>
Total U. S. Department of Transportation				\$521,870	\$549,944
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>					
Summer Food Service Program	10.559			<u>\$12,922</u>	<u>\$14,603</u>
Total U.S. Department of Agriculture				\$12,922	\$14,603
<u>U.S. DEPARTMENT OF JUSTICE</u>					
(Direct Award):					
Local Law Enforcement Block Grant	16.592			\$78,551	\$100,244
COPS FAST Grant	16.710			\$185,913	\$185,913
(pass through Ohio Department of Justice):					
Edward Bryne Memorial Grant	16.580			<u>\$56,413</u>	<u>\$60,710</u>
Total U.S. Department of Justice				<u>\$320,877</u>	<u>\$346,867</u>
TOTAL FEDERAL AWARD EXPENDITURES				<u>\$2,247,506</u>	<u>\$2,138,842</u>

See notes to schedule of Federal Awards Expenditures.

**CITY OF NEWARK
LICKING COUNTY**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A – Significant Account 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.

WOLFE, WILSON, & PHILLIPS, INC.

CERTIFIED PUBLIC ACCOUNTANTS

37 S. SEVENTH STREET • ZANESVILLE, OHIO 43701

(740) 453-9600 • FAX - (740) 453-9763

**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 City Council
City of Newark
Newark, Ohio 43055

We have audited the general-purpose financial statements of City of Newark as of and for the year ended December 31, 1999, and have issued our report thereon dated May 31, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether City of Newark's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 May 31, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 general-purpose financial statements and not to provide assurance 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.

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
May 31, 2000

Brad Wolfe, J.D., M.B.A., CPA

Joseph W. Wilson, M.B.A., CPA, CMA

Kenneth B. Phillips, CPA

WOLFE, WILSON, & PHILLIPS, INC.

CERTIFIED PUBLIC ACCOUNTANTS

37 S. SEVENTH STREET • ZANESVILLE, OHIO 43701

(740) 453-9600 • FAX - (740) 453-9763

**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 City Council
City of Newark
Newark, Ohio 43055

Compliance

We have audited the compliance 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, 1999. 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 Newark management. Our responsibility is to express an opinion on Newark compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 Newark 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 Newark compliance with those requirements.

In our opinion, 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, 1999.

Internal Control Over Compliance

The management 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 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.

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
May 31, 2000

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

**FINANCIAL CONDITION
CITY OF NEWARK
DECEMBER 31, 1999**

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):	Community Development Block Grant CFDA #14.218
<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?	Yes

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

NONE

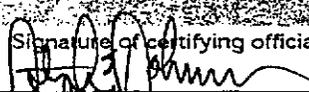
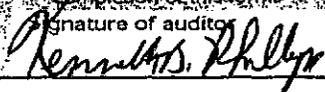
3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

APPENDIX B-3

DATA COLLECTION FORM (SF-SAC)

OMB No. 0348-0057

FORM SF-SAC (8-97) U.S. DEPARTMENT OF COMMERCE, BUREAU OF THE CENSUS ACTING AS COLLECTING AGENT FOR OFFICE OF MANAGEMENT AND BUDGET	
Data Collection Form for Reporting on AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS	
Complete this form, as required by OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.	
RETURN TO Single Audit Clearinghouse 1201 E. 10th Street Jeffersonville, IN 47132	
PART I GENERAL INFORMATION (To be completed by auditee, except for Item 7)	
1. Fiscal year ending date for this submission Month Day Year 12/ 31/ 99	2. Type of Circular A-133 audit <input checked="" type="checkbox"/> Single audit <input type="checkbox"/> Program-specific audit
3. Audit period covered <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Other <input type="checkbox"/> Biennial Months	4. Date received by Federal clearinghouse FEDERAL GOVERNMENT USE ONLY
5. Employer Identification Number (EIN) a. Auditee EIN: 316400237 b. Are multiple EINs covered in this report? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
6. AUDITEE INFORMATION	7. AUDITOR INFORMATION (To be completed by auditor)
a. Auditee name City of Newark	a. Auditor name Wolfe, Wilson, & Phillips, Inc.
b. Auditee address (Number and street) 40 West Main Street City Newark State Ohio ZIP Code 43055	b. Auditor address (Number and street) 37 S. Seventh Street City Zanesville State Ohio ZIP Code 43701
c. Auditee contact Name Stephen E. Johnson Title City Auditor	c. Auditor contact Name Kenneth B. Phillips, CPA Title Partner
d. Auditee contact telephone (740) 349-6608	d. Auditor contact telephone (740) 453-9600
e. Auditee contact FAX (Optional) () -	e. Auditor contact FAX (Optional) (740) 453-9763
f. Auditee contact E-mail (Optional)	f. Auditor contact E-mail (Optional) Kenp@WWPCPA.COM
8. AUDITEE CERTIFICATION STATEMENT - This is to certify that, to the best of my knowledge and belief, the auditee has: (1) Engaged an auditor to perform an audit in accordance with the provisions of OMB Circular A-133 for the period described in Part I, items 1 and 3; (2) the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the provisions of the Circular; and (3) the information included in Parts I, II, and III of this data collection form is accurate and complete. I declare that the foregoing is true and correct.	9. AUDITOR STATEMENT - The data elements and information included in this form are limited to those prescribed by OMB Circular A-133. The information included in Parts II and III of the form, except for Part III, items 4 and 5, was transferred from the auditor's report(s) for the period described in Part I, items 1 and 3, and is not a substitute for such reports. The auditor has not performed any auditing procedures since the date of the auditor's report(s). A copy of the reporting package required by OMB Circular A-133, which includes the complete auditor's report(s), is available in its entirety from the auditee at the address provided in Part I of this form. As required by OMB Circular A-133, the information in Parts II and III of this form was entered in this form by the auditor based on information included in the reporting package. The auditor has not performed any additional auditing procedures in connection with the completion of this form.
Signature of certifying official  Date Month Day Year 5/31/00 Name/Title of certifying official STEPHEN E JOHNSON CITY AUDITOR	Signature of auditor  Date Month Day Year 6/5/00

EIN: 3 1 6 4 0 0 2 3 7

PART I GENERAL INFORMATION - Continued

8. Indicate whether the auditee has either a Federal cognizant or oversight agency for audit. (Mark (X) one box)

- 1 Cognizant agency
- 2 Oversight agency

9. Name of Federal cognizant or oversight agency for audit. (Mark (X) one box)

- | | | | |
|--|--|---|--|
| 01 <input type="checkbox"/> African Development Foundation | 51 <input type="checkbox"/> Federal Emergency Management Agency | 18 <input type="checkbox"/> Justice | 08 <input type="checkbox"/> Peace Corps |
| 02 <input type="checkbox"/> Agency for International Development | 72 <input type="checkbox"/> Federal Mediation and Conciliation Service | 77 <input type="checkbox"/> Labor | 59 <input type="checkbox"/> Small Business Administration |
| 70 <input type="checkbox"/> Agriculture | 78 <input type="checkbox"/> General Services Administration | 43 <input type="checkbox"/> National Aeronautics and Space Administration | 90 <input type="checkbox"/> Social Security Administration |
| 11 <input type="checkbox"/> Commerce | 93 <input type="checkbox"/> Health and Human Services | 89 <input type="checkbox"/> National Archives and Records Administration | 19 <input type="checkbox"/> State |
| 94 <input type="checkbox"/> Corporation for National and Community Service | 14 <input checked="" type="checkbox"/> Housing and Urban Development | 05 <input type="checkbox"/> National Endowment for the Arts | 20 <input type="checkbox"/> Transportation |
| 12 <input type="checkbox"/> Defense | 62 <input type="checkbox"/> Institute for Museum Services | 06 <input type="checkbox"/> National Endowment for the Humanities | 21 <input type="checkbox"/> Treasury |
| 84 <input type="checkbox"/> Education | 04 <input type="checkbox"/> Inter-American Foundation | 47 <input type="checkbox"/> National Science Foundation | 82 <input type="checkbox"/> United States Information Agency |
| 81 <input type="checkbox"/> Energy | 73 <input type="checkbox"/> Interior | 07 <input type="checkbox"/> Office of National Drug Control Policy | 64 <input type="checkbox"/> Veterans Affairs |
| 66 <input type="checkbox"/> Environmental Protection Agency | | | <input type="checkbox"/> Other - Specify |

PART II FINANCIAL STATEMENTS (To be completed by auditor)

1. Type of audit report. (Mark (X) one box)

- 1 Unqualified opinion
- 2 Qualified opinion
- 3 Adverse opinion
- 4 Disclaimer of opinion

2. Is a "going concern" explanatory paragraph included in the audit report?

- 1 Yes
- 2 No

3. Is a reportable condition disclosed?

- 1 Yes
- 2 No - SKIP to Item 5

4. Is any reportable condition reported as a material weakness?

- 1 Yes
- 2 No

5. Is a material noncompliance disclosed?

- 1 Yes
- 2 No

PART III FEDERAL PROGRAMS (To be completed by auditor)

1. Type of audit report on major program compliance

- 1 Unqualified opinion
- 2 Qualified opinion
- 3 Adverse opinion
- 4 Disclaimer of opinion

2. What is the dollar threshold to distinguish Type A and Type B programs? § 520(b)?

\$ 300,000

3. Did the auditee qualify as a low-risk auditee? (§ 530)?

- 1 Yes
- 2 No

4. Are there any audit findings required to be reported under § 510(a)?

- 1 Yes
- 2 No

5. Which Federal Agencies are required to receive the reporting package? (Mark (X) all that apply)

- | | | | |
|--|--|---|--|
| 01 <input type="checkbox"/> African Development Foundation | 51 <input type="checkbox"/> Federal Emergency Management Agency | 18 <input type="checkbox"/> Justice | 08 <input type="checkbox"/> Peace Corps |
| 02 <input type="checkbox"/> Agency for International Development | 72 <input type="checkbox"/> Federal Mediation and Conciliation Service | 77 <input type="checkbox"/> Labor | 59 <input type="checkbox"/> Small Business Administration |
| 70 <input type="checkbox"/> Agriculture | 78 <input type="checkbox"/> General Services Administration | 43 <input type="checkbox"/> National Aeronautics and Space Administration | 90 <input type="checkbox"/> Social Security Administration |
| 11 <input type="checkbox"/> Commerce | 93 <input type="checkbox"/> Health and Human Services | 89 <input type="checkbox"/> National Archives and Records Administration | 19 <input type="checkbox"/> State |
| 94 <input type="checkbox"/> Corporation for National and Community Service | 14 <input type="checkbox"/> Housing and Urban Development | 05 <input type="checkbox"/> National Endowment for the Arts | 20 <input type="checkbox"/> Transportation |
| 12 <input type="checkbox"/> Defense | 62 <input type="checkbox"/> Institute for Museum Services | 06 <input type="checkbox"/> National Endowment for the Humanities | 21 <input type="checkbox"/> Treasury |
| 84 <input type="checkbox"/> Education | 04 <input type="checkbox"/> Inter-American Foundation | 47 <input type="checkbox"/> National Science Foundation | 82 <input type="checkbox"/> United States Information Agency |
| 81 <input type="checkbox"/> Energy | 73 <input type="checkbox"/> Interior | 07 <input type="checkbox"/> Office of National Drug Control Policy | 64 <input type="checkbox"/> Veterans Affairs |
| 66 <input type="checkbox"/> Environmental Protection Agency | | | 00 <input type="checkbox"/> None |
| | | | <input checked="" type="checkbox"/> Other - Specify |

EIN: 3 1 6 4 0 0 2 3 7

PART III FEDERAL PROGRAMS - Continued		7. AUDIT FINDINGS AND QUESTIONED COSTS						
6. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR								
CFDA number (a)	Name of Federal Program (b)	Amount expended (c)	Major program (d)	Type of compliance requirement (e)	Amount of questioned costs (f)	Internal control findings (g)	Audit finding reference numbers (h)	
10.559	Summer Food Service Program	\$ 14,603	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0	\$ 0	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C	N/A	
14.218	Community Development Block Grant	\$ 904,446	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	0	\$ 0	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C	N/A	
14.239	Home Investment Partnership	\$ 322,982	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0	\$ 0	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C	N/A	
16.580	Edward Byrne Memorial Grant	\$ 60,710	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0	\$ 0	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C	N/A	
16.592	Law Enforcement Block Grant	\$ 100,244	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0	\$ 0	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C	N/A	
16.710	COPS Fast Grant	\$ 185,913	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0	\$ 0	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C	N/A	
20.507	Federal Transit Assistance Grant	\$ 487,134	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0	\$ 0	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C	N/A	
20.600	State & Community Highway Safety	\$ 62,810	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0	\$ 0	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C	N/A	
		\$	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		\$	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C		
		\$	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		\$	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C		
TOTAL FEDERAL AWARDS EXPENDED		\$ 2,138,842						

IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTO COPY THIS PAGE AND ATTACH ADDITIONAL PAGES TO THE FORM AND SEE INSTRUCTIONS.

Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available.
 Type of compliance requirement (Enter the letter(s) of all that apply to audit findings and questioned costs reported for each Federal program):
 A. Activities allowed or allowed
 B. Allowable costs/cost principles
 C. Cash management
 D. Davis-Bacon Act
 E. Eligibility
 F. Equipment and real property management
 G. Matching, level of effort, earmarking
 H. Period of availability of funds
 I. Program income
 J. Real property acquisition and disposition statistics
 K. Reporting
 L. Subrecipient monitoring
 M. Special tests and provisions
 N. None reported
 O. None

Type of internal control finding (Mark (X) all that apply)
 A. Material weaknesses
 B. Reportable conditions
 C. None reported



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
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.

By: Susan Babbitt

Date: JULY 20, 2000