

THE CITY OF NEWARK, OHIO

LICKING COUNTY



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2002



**Auditor of State
Betty Montgomery**

Honorable Mayor and Members of City Council
City of Newark
40 W. Main Street
Newark, Ohio 43701

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, 2002 to December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

July 17, 2003

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LICKING COUNTY

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ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2002

Prepared by:
City Auditor's Office

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City Auditor

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INTRODUCTORY SECTION



City of Newark, Ohio

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Stephen E. Johnson

June 25, 2003

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

We are pleased to submit for your review the Comprehensive Annual Financial Report of the City of Newark, Ohio for the fiscal year ended December 31, 2002. The report has been prepared in accordance with generally accepted accounting principles established by statements of the Governmental Accounting Standards Board (GASB), other authoritative pronouncements and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

INTRODUCTION

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

The Report:

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

1. *The Introductory Section* includes this letter of transmittal which presents the City's organization, operational structure and accomplishments; an organizational chart; and a list of principal elected officials.
2. *The Financial Section* contains the City's general purpose financial statements and explanatory notes thereto; the combining and individual fund and account group financial statements and schedules; and the Independent Auditors' Report.
3. *The Statistical Section* presents social, economic and historical data in a multi-year format which can be used to identify financial trends and data relative to the fiscal capacity of the City.

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

Historical Information:

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

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

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

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

Form of Government:

Statutory

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

City Charter

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

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

Location:

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

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

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

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

Municipal Services:

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

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

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

The Reporting Standards:

The City's accounts are organized as funds and account groups. Each fund and account group is a separate accounting entity with its own self-balancing set of accounts, assets, liabilities and fund equity. Indicated below are the titles of these funds and account groups with a brief description.

Governmental Funds:

The General Fund is the general operating fund of the City. It is used to account for all financial resources traditionally associated with government which are not required to be accounted for in another fund.

The Special Revenue Funds are used to account for revenues derived from specific taxes, grants or other restricted revenue sources. The uses and limitations of each special revenue fund are specified by local legislation or state or federal statutes.

The Debt Service Fund is used to account for the accumulation of resources used for the payment of general long-term principal, interest and related costs.

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

Proprietary Funds:

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where it is the intent of the governing body that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Internal Service Funds are used to account for the financing of goods or services by one division or agency to other divisions or agencies of the government, generally on a cost reimbursement basis.

Fiduciary Funds:

Fiduciary funds include Trust and Agency Funds. Trust Funds are used to account for assets held by the City in a trustee capacity. Agency Funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

General Fixed Assets Account Group:

Fixed assets of the City other than those accounted for in the proprietary funds are accounted for in the General Fixed Assets Account Group. General fixed assets of \$24,002,555, included in this report, exclude the City's infrastructure. Infrastructure fixed assets are further explained in Note 1 of the general purpose financial statements.

General Long-Term Obligations Account Group:

All long-term obligations of the City except those accounted for in the proprietary funds are accounted for in this account group. These obligations include general obligation bonds payable of \$2,885,000, special assessment bonds payable with governmental commitment of \$105,000, accrued vacation and sick leave benefits of \$2,663,020, the accrued liability to the Ohio Police and Fire Pension Fund of \$2,189,956 and the remaining amount due on capitalized leases used for the acquisition of general fixed assets of \$310,923. These obligations are further explained in Notes 1, 10, 12 and 13.

Bases of Accounting:

Except for that used for budgetary purposes, the bases of accounting used by the City are in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units and are consistent with GASB Codified Section 1600, "Basis of Accounting." All governmental and expendable trust funds are accounted for using a current financial resource (current assets and current liabilities) measurement focus. The modified accrual basis of accounting is utilized for the governmental and expendable trust and agency funds.

Revenues are recognized when they are susceptible to accrual; both measurable and available. Expenditures are recognized when the related liability is incurred, except for interest on long-term debt which is recorded when due.

The measurement focus for the City's proprietary funds is on the flow of economic resources (all assets and all liabilities). The accrual basis of accounting is utilized which recognizes revenues when earned and expenses when incurred.

The City's basis of accounting for budgetary purposes differs from generally accepted accounting principles in that revenues are recognized when received, rather than when susceptible to accrual (measurable and available) and encumbrances are recorded as expenditures rather than as reservations of fund balances. A reconciliation of the results of these two methods and additional accounting policies are further explained in Note 1.

ECONOMIC OUTLOOK

Local Economy:

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

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

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

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

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

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

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

New business to the Newark area include the Bear Creek Corporation which is one of the nation’s leading direct mail marketers. The Bear Creek Corporation includes the companies of Harry and David, Jackson and Perkins, Northwest Express and Bear Creek Gardens. Bear Creek is the largest direct mail marketer of gift fruit. A new Walmart store is being constructed on the City’s north side and is scheduled to open in January of 2003.

The city created the position and employed an Economic Development Director. A development strategy has been developed and economic growth projects are underway with completion dates set for early 2003.

Unemployment Rates:

The 2001 unemployment rate for Licking County of 3.6%, was below the state average of 4.3%. The unemployment rate for the County increased slightly from the prior year. The Ohio Bureau of Employment Services does not maintain statistics for the City of Newark, but unemployment within the City was estimated to be 4.3%.

Employee Relations:

The City of Newark negotiates contracts with five employee bargaining units. These groups consist of Local 109 of the International Association of Firefighters, Lodge 12 of the Licking County Fraternal Order of Police, the American Federation of State, County and Municipal Employees (AFSCME) Local 2963, Ohio Council 8, AFL-CIO, certain other non-uniform employees of the City and employees in management and supervisory service. Current contracts with union employees cover the years 2001 through 2003. The contract with the Fraternal Order of Police is a one year contract also expiring on December 31, 2003.

MAJOR INITIATIVE

During 2002, continuing efforts were made to upgrade services and improve the quality of life for the citizens of Newark through the following projects:

Infrastructure Improvements

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

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

Further development along the State Route 16 corridor is also taking place as a result of the Longaberger project. A beautification project involving Longaberger properties, construction of golf courses and a highway widening project are all underway. In the development stage is a theme park with a turn of the century village.

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

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

Parks and Recreation

Throughout 2002, activities were provided at the City's youth center and community meeting hall in the newly renovated Everett Pool House. The building was remodeled to provide a meeting center for youth and adults who live on the near east side. It has been a very successful improvement project and has been well received by the near east side residents. In addition, Denman Park was rebuilt and new playground equipment installed. Also included in the renovation was a new road and entrance to the park. Improvements have been made at Hollander Pool on the City's north side, including a waterslide.

City-Wide Initiatives

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

DEPARTMENT HIGHLIGHT - Director of Law

The Office of the Director of Law provides legal counsel and assistance to the Mayor, City Council, other elected officials and all City departments. The Law Director also represents all boards and commissions authorized under the Newark Municipal Code and appointed by ordinance, statute or the Mayor. The Law Director directly represents the City in litigation and coordinates the use of outside counsel representing the City. The office drafts and reviews ordinances and resolutions, reviews all City contracts, provides assistance in evaluating and processing claims against the City, reviews state and Federal legislation, and counsels the City regarding, among other things, police, fire, personnel, land purchases and use and public works issues.

The Office of the Law Director supervises and prosecutes violations of misdemeanors under the Ohio Revised Code and violations of the City Municipal Code in Licking County Municipal Court. Services are provided to the City of Newark and all unincorporated territory of Licking County in such prosecutions. The Law Director's Office is also responsible for reviewing updates of the Newark Municipal Code of Ordinances.

The Office of the Law Director works with various City departments, boards and commissions to secure compliance with a wide range of code, permit and licensing provisions which help protect the quality of life in Newark. Questions regarding zoning and building code compliance should be directed to the Building Code Division. Questions regarding health hazards or nuisance abatement should be directed to the Board of Health.

The Law Director's Office also operates a Night Prosecutor Program. In this program, local merchants may present information to the Night Prosecutor on bad check cases. The offender is then offered an informal opportunity to resolve the bad debt without formal prosecution. The program has operated for over twenty years and has been highly successful in recovering bad check debts for merchants and controlling the docket of Licking County Municipal Court in such actions.

The Newark Municipal Code, the Charter of the City of Newark, the Zoning Regulations for the City of Newark and other legal requirements can be found online at www.amlegal.com. Hardbound copies of such documents can also be located at the Newark Public Library.

FINANCIAL INFORMATION

Internal Control, Budgetary Control and the Accounting System:

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

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

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

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

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

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

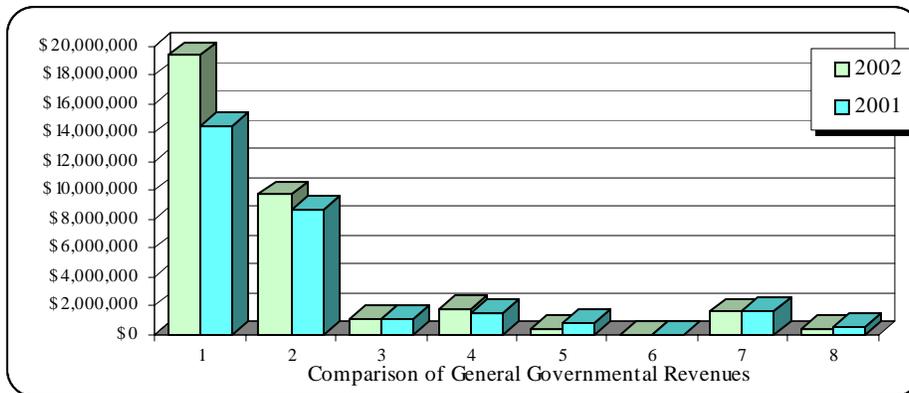
- | | |
|-------------------------|------------------------------|
| * Personal services | * Materials and Supplies |
| * Contractual services | * Capital Outlay |
| * Other (Miscellaneous) | * Debt Service:
Principal |
| * Transfers | Interest |

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

General Governmental Functions:

The following schedule presents a summary of general governmental functions revenues (including general, special revenue, debt service and capital projects funds) for the year ended December 31, 2002, the percentage of each revenue source to total revenues, and the amount of increases and decreases in relation to the prior year's revenue.

Revenue Source	Total 2002	Percent of Total	Total 2001	Increase (Decrease) over/under 2001	Percent of Change
1. Taxes	\$19,361,211	56.14%	\$14,473,914	\$4,887,297	33.77%
2. Intergovernmental Revenue	9,722,122	28.19%	8,665,294	1,056,828	12.20%
3. Charges for Services	1,068,884	3.10%	1,150,907	(82,023)	(7.13%)
4. Licenses, Permits and Fees	1,773,593	5.14%	1,565,619	207,974	13.28%
5. Investment Earnings	460,223	1.33%	818,298	(358,075)	(43.76%)
6. Special Assessments	18,807	0.05%	32,609	(13,802)	(42.33%)
7. Fines and Forfeitures	1,611,441	4.67%	1,627,706	(16,265)	(1.00%)
8. All Other Revenues	472,350	1.38%	556,491	(84,141)	(15.12%)
Total	\$34,488,631	100.00%	\$28,890,838	\$5,597,793	



Revenue Narrative:

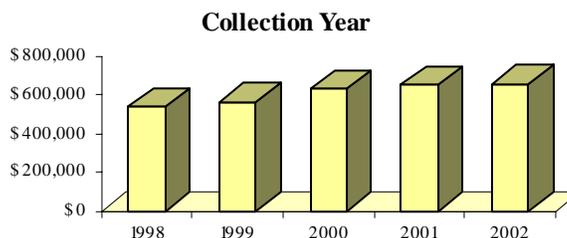
Revenues for General Governmental purposes (including general, special revenue, debt service and capital projects) totaled \$34,488,631, an increase of \$5,597,793 from 2001. The City's income tax continues to be its primary source of revenue. The tax applies to all wages, salaries, commissions and other compensation paid by employers and/or the net proceeds from the operation of a business, profession or other enterprise activity. The initial tax rate of 1% collected in 1959 was increased to its current 1.75% in 2001. Income tax rates of cities within the State of Ohio are limited to a maximum of 1% unless specifically approved by a majority of the resident voters of the City. Approximately 83% of the City's income taxes collected in 2002 were collected through employer withholdings from employee earnings. The employer must remit withheld income taxes to the City on a quarterly basis.

The City Council approved and the Tax Commissioner initiated mandatory filing of city income tax returns effective January 1, 1993. The large increase in tax collections from 2001 to 2002 is attributable to the 0.5% increase in the City's income tax rate in 2001. In addition, the City continues its requirements of mandatory filing as well as an aggressive approach to identifying taxpayers who do not file.

Property taxes are levied and collected by the Licking County Treasurer. After collection, the County Auditor distributes portions of the taxes collected to the various political subdivisions within their geographic boundaries. Property tax rates for the City are 3.7 mills, which represents \$3.70 per \$1,000 of taxable valuation. The tax rate is applied to the assessed value of the property located within the City. Assessed value is approximately 35% of appraised value. Increases in the property tax rate can only occur with the approval of the City's voters. Revenues from property taxes are used for general fund operations and for partial funding of police and fire pension costs.

Total assessed values in the City over the past five years are shown below:

Levy Year	Collection Year	Assessed Value (in thousands)
1997	1998	\$541,274
1998	1999	562,806
1999	2000	634,519
2000	2001	654,702
2001	2002	658,882



Investment earnings decreased \$358,075 from 2001. This relative decrease in investment earnings is representative of a less robust national economy during 2002 as compared to 2001. The City's investment policies are discussed in more detail later in this letter under the topic of "cash management."

Intergovernmental Revenues consist primarily of local government assistance provided by the State of Ohio through reimbursement for real and personal property tax reductions, gasoline tax, state-levied motor vehicle license tax, inheritance tax and permissive motor vehicle license tax. These revenues are collected by the state or county and partially redistributed to the City and other political subdivisions. The City experienced a large increase in intergovernmental revenues during 2002 as compared to 2001. An increase in permissive license tax monies requested by the City as well as a large increase in grant monies received by the Bikeway Upgrade fund contributed to this increase.

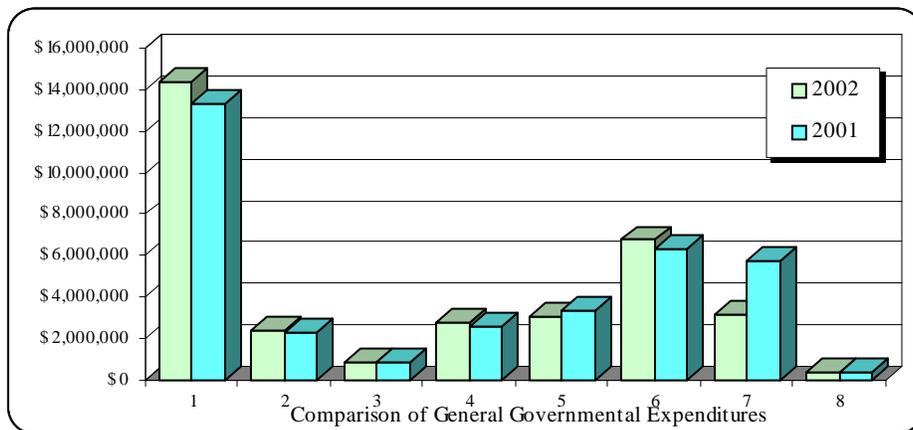
The City performs certain services for the public and other governmental entities for which it levies a charge. These services include those performed by the health department, such as home health visits and certification of birth and death certificates. The fire department offers its services to other communities to aid in the cleanup of hazardous materials spills and charges a fee for the service. The police department charges for the monitoring of commercial establishment alarm systems. The recreation department offers many programs such as summer volleyball leagues and winter basketball leagues for which charges are levied. There are also engineering services, inspection services, health department services and parking facilities that are available at a charge. Charges for services exhibited a decrease resulting from decreased cemetery lot sales.

The City experienced a decrease in all other revenue during 2002. This can be attributed to a decrease in unclaimed monies received by the City during 2002 as compared with 2001.

Expenditures for General Governmental purposes (including general, special revenue, debt service and capital projects) totaled \$33,721,157, a decrease of \$1,091,216 compared to 2001.

Expenditures for the major functions of the City, the percentage of the total, and increases and decreases in relation to prior year expenditures are shown in the following table:

Expenditures	Total 2002	Percent of Total	Total 2001	Increase (Decrease) over/under 2001	Percent of Change
1. Security of Persons and Property	\$14,331,955	42.50%	\$13,314,367	\$1,017,588	7.64%
2. Public Health and Welfare	2,400,745	7.12%	2,326,795	73,950	3.18%
3. Leisure Time Activities	857,314	2.54%	849,014	8,300	0.98%
4. Community Environment	2,745,924	8.13%	2,571,544	174,380	6.78%
5. Transportation	3,047,974	9.04%	3,357,894	(309,920)	(9.23%)
6. General Government	6,756,970	20.04%	6,301,536	455,434	7.23%
7. Capital Outlay	3,178,884	9.43%	5,733,268	(2,554,384)	(44.55%)
8. Debt Service	401,391	1.20%	357,955	43,436	12.13%
Total	\$33,721,157	100.00%	\$34,812,373	(\$1,091,216)	



Expenditure Narrative:

The City experienced a decrease in total governmental expenditures for 2002, which is attributable to a large decrease in capital outlay during 2002. The decrease in capital outlay expenditures can be attributed to the fact that there had been a large increase in capital projects in 2001 which was not repeated in 2002. Security of persons and property increased \$1,017,588 as a result of the City's demonstrated commitment to providing improved safety programs for its citizens. The increase in expenditures within security of persons and property is attributable to increases in salaries due to new contract negotiations.

Expenditures within the transportation function decreased due mainly to increases in street construction, maintenance and repair during 2001 that were not repeated in 2002.

Debt service costs include the payment of principal, interest and related fiscal administration charges for the retirement of the City's outstanding general long-term debt. The expenditures vary with the nature and timing of debt service requirements.

Proprietary Operations:

Enterprise Funds:

The City's enterprise operations include a water treatment plant and distribution system and a wastewater treatment facility and a collection system. The enterprise funds are supported by revenues derived from user charges.

Certain pertinent data relating to the enterprise operations of the City is presented below.

	<u>Total Assets</u>	<u>Net Income (Loss)</u>	<u>Return on Assets</u>
Water	\$26,283,252	\$1,073,318	4.08%
Sewer	20,188,710	(472,984)	(2.34%)

Internal Service Funds:

The City's internal service funds are used to account for the financing of goods and services provided by one department to other departments of the City on a cost-reimbursement basis. The City's two internal service funds account for the accumulation and allocation of costs associated with insurance and workers' compensation costs incurred by the City.

Fiduciary Funds:

Trust Funds

The expendable trust funds of the City include the Parking Lot Fund, the Liability Insurance Trust Fund, the Law Library Fund, the Cemetery Open and Close Fund, Cemetery Vault Fund, the Veterans Memorial Sidewalk Fund, the Mausoleum Trust Fund, the Monument Sales Trust Fund and the Mary E. Barnes Trust Fund. The expendable trust funds are accounted for and reported similarly to governmental funds. Total assets of the expendable trust funds of the City amounted to \$628,703.

In addition to the expendable trust funds noted above, the City maintains a nonexpendable trust fund, associated with the cemeteries operated by the City. The Cemetery Endowment Fund is used to account for principal balances from contributions and endowments where capital maintenance is of primary importance. The nonexpendable trust funds are accounted for and reported in a manner similar to proprietary funds. Total assets of the nonexpendable trust fund amounted to \$579,000.

Agency Funds

Agency funds of the City of Newark include the Municipal Court Fund and the Fire Code Fund. These funds are custodial in nature and do not involve the measurement of results of operations. Total assets of the agency funds amounted to \$437,454.

Debt Administration:

The debt service funds accumulate resources for the payment of principal, interest and associated administrative costs on the City's general and special assessment (with governmental commitment) long-term debt. Resources are derived from property taxes (real and personal), special assessments, investment earnings, income taxes and operating transfers.

The City's general obligation bonds have an excellent rating. Moody's Investors Service maintains the City's bond credit rating at Aaa. The total bonded debt of the City at December 31, 2002 was \$15,695,888, consisting of the following:

Special Assessment Bonds	
with Governmental Commitment	\$105,000
General Obligation Bonds which are Self-Supported	15,590,888

In addition, the City has a loan obtained from the Ohio Water Development Authority (OWDA), which was used to finance the construction of the Wastewater Treatment Plant Improvements. The loan is being repaid from the revenues of the sewer fund in equal annual installments of \$1,090,345 and a final payment of \$545,173 through the year 2014. The principal amount of the loan at December 31, 2002 was \$7,675,584.

The ratio of property tax supported general bonded debt to assessed value and the amount of bonded debt per capita are considered to be good indicators to municipal managers, citizens and investors in general governmental debt of the City's debt position. The City's debt position as of December 31, 2002 was as follows:

Overall Legal Debt Margin	\$63,305,137
Unvoted Legal Debt Margin	27,356,464
General Obligation Notes	12,189,000

A more thorough presentation of the calculation of these figures is located in the statistical section of this report.

Cash Management:

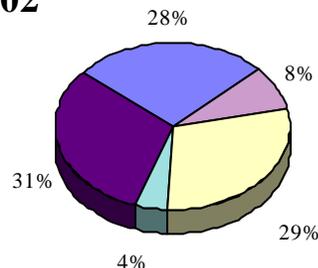
Cash management is a vital component of the City of Newark's overall financial strategy. The primary objective of the City's investment activity is the preservation of capital and the protection of invested principal. The City pools its cash except for that held by fiscal and escrow agents, certain debt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

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

The City's cash resources were invested at December 31, 2002 as follows:

Cash Resources *	2002	%
Cash	\$7,773,722	28%
Certificates of Deposit	2,448,500	8%
STAR Ohio	8,469,928	29%
Repurchase Agreement	1,220,213	4%
Investments/Mutual Funds	8,909,638	31%
Total Resources	\$28,822,001	100%

2002



*Does not include Cash with Fiscal Agent

The City earned interest on investments of \$502,263 for fiscal year 2002, allocated as follows:

Governmental Funds	\$460,223
Proprietary Funds	26,627
Fiduciary Funds	15,413
	<u>\$502,263</u>

At December 31, 2002, the bank balance of the City's deposits was \$10,880,575 of which \$615,000 was insured by Federal Depository Insurance and the remaining balance was collateralized by pooled collateral. The Ohio Revised Code requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, *"Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,"* collateral held in single financial institution collateral pools with securities being held by the pledging financial institution's agent in the pool's name are classified as Category 3.

Risk Management:

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

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

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

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

OTHER INFORMATION

Independent Audit:

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

Awards:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Newark, Ohio for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2001. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards in state and local government financial reporting. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents satisfy all program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity.

A Certificate of Achievement is valid for a period of one year only. The City of Newark has received a Certificate of Achievement for nine consecutive years (1991 - 2001). We believe this current report continues to conform to the Certificate of Achievement for Excellence in Financial Reporting program requirements and are submitting it to the GFOA.

Public Disclosure

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

Acknowledgments:

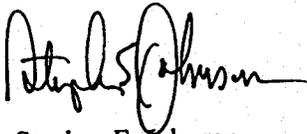
This report is a culmination of many hours of concentrated work on the part of a number of dedicated employees and associates, including, but not limited to, the Licking County Auditor and staff, the Newark Area Chamber of Commerce and the administration of the Newark City Schools. We want to thank all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

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

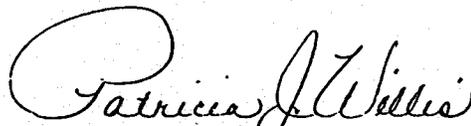
We would also like to extend a special thank you to Shamrock Printing and Maurice Winters for their imaginative portrayal of the graphics contained within this publication.

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

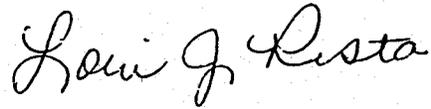
Respectfully,



Stephen E. Johnson
City Auditor



Patricia J. Willis
Budget Analyst



Lori J. Resta
Deputy City Auditor

**THE CITY OF NEWARK, OHIO
LICKING COUNTY**

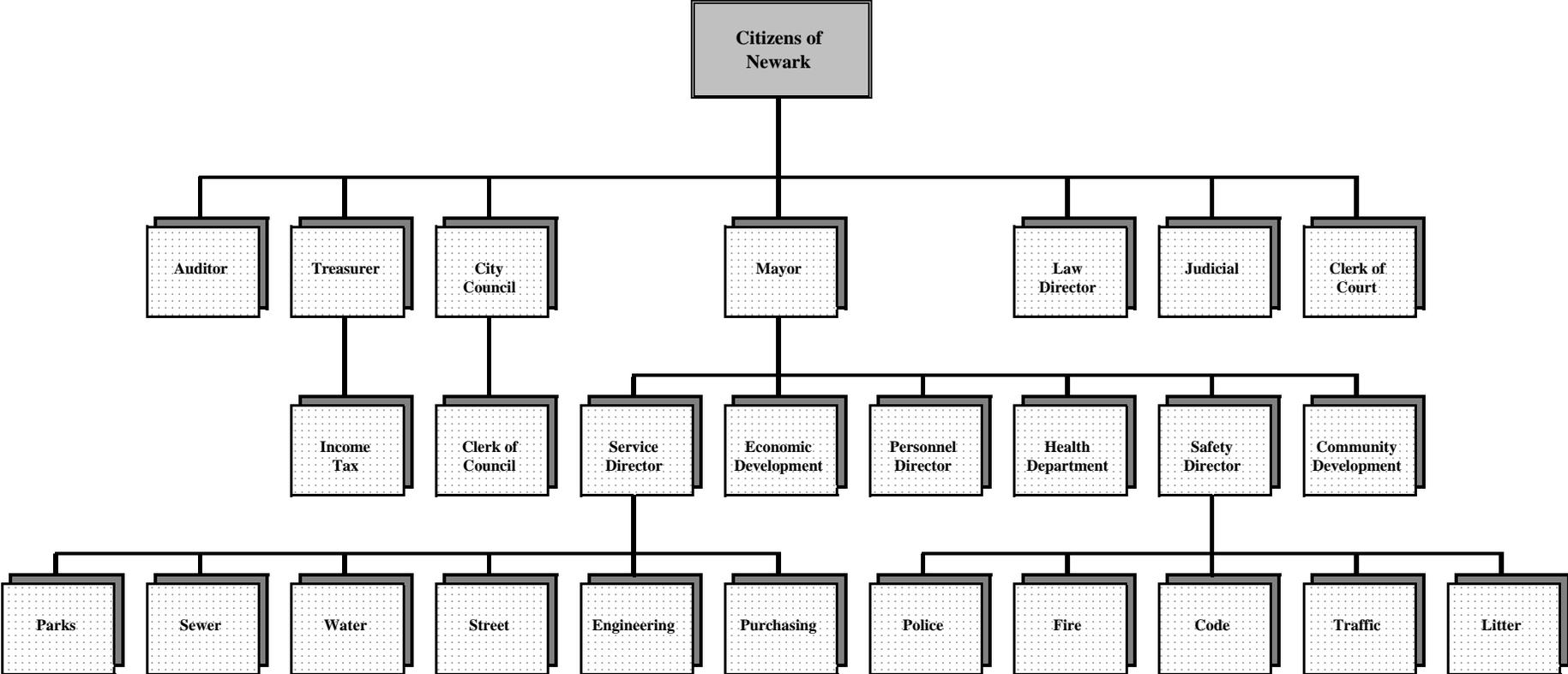
**LIST OF ELECTED OFFICIALS
DECEMBER 31, 2002**

NAME	TITLE	TERM OF OFFICE	SURETY DATA		
Frank L. Stare, III	Mayor	01/01/00 to 12/31/03			
Stephen E. Johnson	Auditor	01/01/00 to 12/31/03	A	\$5,000	01/01/00 to 12/31/03
Michael F. Higgins	Presiding Judge	01/01/98 to 12/31/04			
Thomas M. Marcelain	Judge	01/01/00 to 12/31/05			
James W. Hostetter	Law Director	01/01/00 to 12/31/03			
Timothy Bubb	Treasurer	01/01/02 to 12/31/05	A	\$30,000	01/01/02 to 12/31/05
Bruce Bain	President of Council	01/01/00 to 12/31/03			
Rickey Henderson	Council 3rd Ward	01/01/02 to 12/31/05			
Cheri Hottinger	Council-at-Large	01/01/00 to 12/31/03			
Robert Diebold	Council-at-Large	01/01/02 to 12/31/05			
Jeffrey Harris	Council 1st Ward	01/01/02 to 12/31/05			
Shirley Stare	Council 2nd Ward	01/01/02 to 12/31/05			
David Forgrave	Council-at-Large	01/01/00 to 12/31/03			
Kurt Harden	Council 4th Ward	01/01/02 to 12/31/05			
Don Ellington	Council 5th Ward	01/01/02 to 12/31/05			
Douglas Marmie	Council 6th Ward	01/01/02 to 12/31/05			
William J. Rauch	Council 7th Ward	01/01/00 to 12/31/01			
Larry Brown	Clerk of Court	01/01/02 to 12/31/07	A	\$10,000	01/01/02 to 12/31/07

A - Ohio Casualty Insurance Company

The City of Newark, Ohio

Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Newark,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2001

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



William Patrick Bate

President

Jeffrey R. Emer

Executive Director



FINANCIAL SECTION

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

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, 2002. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of City of Newark as of December 31, 2002, and the results of its operations and the cash flows of its proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 3, 2003, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 combining, individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
June 3, 2003



GENERAL PURPOSE FINANCIAL STATEMENTS

THE FOLLOWING GENERAL PURPOSE FINANCIAL STATEMENTS, ALONG WITH THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, PRESENT AN OVERVIEW OF THE CITY'S FINANCIAL POSITION AT DECEMBER 31, 2002 AND THE RESULTS OF OPERATIONS AND CASH FLOWS OF ITS PROPRIETARY AND NONEXPENDABLE TRUST FUND FOR THE YEAR THEN ENDED.

THE CITY OF NEWARK, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2002

	<i>Governmental</i>			
	<i>Fund Types</i>			
	<u>General</u>	<u>Special</u>	<u>Debt</u>	<u>Capital</u>
	<u>Fund</u>	<u>Revenue</u>	<u>Service</u>	<u>Projects</u>
		<u>Funds</u>	<u>Fund</u>	<u>Funds</u>
<u>Assets and Other Debits:</u>				
Assets:				
Cash and Cash Equivalents	\$1,209,297	\$1,284,114	\$6,765	\$2,052,819
Investments	1,979,387	572,121	0	8,263,323
Receivables (net of allowance for doubtful accounts):				
Taxes	2,410,000	2,578,944	0	0
Accounts	6,906	89,046	0	0
Special Assessments	0	0	283,730	0
Loans	0	3,253,147	0	0
Interest	70,718	3,298	0	13,811
Interfund Loans Receivable	820,000	0	0	0
Intergovernmental Receivables	1,873,888	2,097,444	0	34,693
Inventory of Supplies at Cost	77,336	276,552	0	0
Prepaid Items	33,322	8,111	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	0
Cash With Fiscal Agent	0	290,409	0	0
Investments	0	0	0	0
Deferred Charge	0	0	0	0
Fixed Assets (net of accumulated depreciation)	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>\$8,480,854</u>	<u>\$10,453,186</u>	<u>\$290,495</u>	<u>\$10,364,646</u>

THE CITY OF NEWARK, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2002

<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	
\$8,818,488	\$2,991,328	\$574,698	\$0	\$0	\$16,937,509
0	0	53,207	0	0	10,868,038
0	0	0	0	0	4,988,944
1,178,726	0	0	0	0	1,274,678
0	0	0	0	0	283,730
0	0	0	0	0	3,253,147
981	0	798	0	0	89,606
0	0	0	0	0	820,000
0	0	0	0	0	4,006,025
474,903	0	0	0	0	828,791
20,665	0	0	0	0	62,098
0	0	526,354	0	0	526,354
14,732	0	0	0	0	305,141
0	0	490,100	0	0	490,100
131,168	0	0	0	0	131,168
35,832,299	0	0	24,002,555	0	59,834,854
0	0	0	0	1,924	1,924
0	0	0	0	8,151,975	8,151,975
<u>\$46,471,962</u>	<u>\$2,991,328</u>	<u>\$1,645,157</u>	<u>\$24,002,555</u>	<u>\$8,153,899</u>	<u>\$112,854,082</u>

(Continued)

THE CITY OF NEWARK, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2002

	<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	\$250,293	\$344,353	\$0	\$95,645
Accrued Wages and Benefits	1,377,577	253,077	0	0
Interfund Loans Payable	0	93,385	0	726,615
Intergovernmental Payables	4,492	851	0	0
Due to Others	0	0	0	0
Matured Bonds and Interest Payable	0	0	0	0
Accrued Interest Payable	0	0	0	53,082
Deferred Revenue	3,536,187	6,400,524	283,730	34,693
General Obligation Notes Payable	0	0	0	12,189,000
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>5,168,549</u>	<u>7,092,190</u>	<u>283,730</u>	<u>13,099,035</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	524,209	612,647	4,841	448,855
Reserved for Supplies Inventory	77,336	276,552	0	0
Reserved for Prepaid Items	33,322	8,111	0	0
Reserved for Loans Receivable	0	3,253,147	0	0
Reserved for Debt Service	0	0	1,924	0
Reserved for Endowments	0	0	0	0
Unreserved:				
Undesignated	2,677,438	(789,461)	0	(3,183,244)
Total Equity and Other Credits	<u>3,312,305</u>	<u>3,360,996</u>	<u>6,765</u>	<u>(2,734,389)</u>
Total Liabilities, Equity and Other Credits	<u>\$8,480,854</u>	<u>\$10,453,186</u>	<u>\$290,495</u>	<u>\$10,364,646</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, 2002

<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	
\$289,281	\$4,809	\$15,953	\$0	\$0	\$1,000,334
244,877	216,425	0	0	0	2,091,956
0	0	0	0	0	820,000
0	0	206,350	0	0	211,693
0	0	231,104	0	0	231,104
14,732	0	0	0	0	14,732
325,879	0	0	0	0	378,961
0	0	0	0	0	10,255,134
0	0	0	0	0	12,189,000
655,589	0	0	0	2,663,020	3,318,609
0	0	0	0	310,923	310,923
12,705,888	0	0	0	2,885,000	15,590,888
0	0	0	0	105,000	105,000
7,675,584	0	0	0	0	7,675,584
0	0	0	0	2,189,956	2,189,956
<u>21,911,830</u>	<u>221,234</u>	<u>453,407</u>	<u>0</u>	<u>8,153,899</u>	<u>56,383,874</u>
0	0	0	24,002,555	0	24,002,555
17,715,089	0	0	0	0	17,715,089
6,845,043	2,770,094	0	0	0	9,615,137
0	0	5,607	0	0	1,596,159
0	0	0	0	0	353,888
0	0	0	0	0	41,433
0	0	0	0	0	3,253,147
0	0	0	0	0	1,924
0	0	579,000	0	0	579,000
0	0	607,143	0	0	(688,124)
<u>24,560,132</u>	<u>2,770,094</u>	<u>1,191,750</u>	<u>24,002,555</u>	<u>0</u>	<u>56,470,208</u>
<u>\$46,471,962</u>	<u>\$2,991,328</u>	<u>\$1,645,157</u>	<u>\$24,002,555</u>	<u>\$8,153,899</u>	<u>\$112,854,082</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, 2002

	<i>Governmental Fund Types</i>			<i>Fiduciary Fund Type</i>		Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Funds	
Revenues:						
Taxes	\$1,894,024	\$17,070,660	\$0	\$396,527	\$0	\$19,361,211
Intergovernmental Revenues	4,599,918	4,112,999	0	1,009,205	0	9,722,122
Charges for Services	232,794	836,090	0	0	160,943	1,229,827
Licenses, Permits and Fees	1,612,439	161,154	0	0	0	1,773,593
Investment Earnings	391,070	28,292	0	40,861	15,413	475,636
Special Assessments	0	0	18,807	0	0	18,807
Fines and Forfeitures	1,495,109	74,701	0	41,631	0	1,611,441
All Other Revenues	106,187	359,389	0	6,774	4,100	476,450
Total Revenues	<u>10,331,541</u>	<u>22,643,285</u>	<u>18,807</u>	<u>1,494,998</u>	<u>180,456</u>	<u>34,669,087</u>
Expenditures:						
Current:						
Security of Persons and Property	13,210,344	1,121,611	0	0	1,245	14,333,200
Public Health and Welfare Services	1,912,698	488,047	0	0	0	2,400,745
Leisure Time Activities	0	857,314	0	0	1,155	858,469
Community Environment	1,192,755	1,553,169	0	0	0	2,745,924
Transportation	0	3,047,974	0	0	0	3,047,974
General Government	6,112,894	643,108	968	0	151,004	6,907,974
Capital Outlay	0	0	0	3,178,884	0	3,178,884
Debt Service:						
Principal Retirement	0	0	15,000	110,000	0	125,000
Interest and Fiscal Charges	0	0	5,963	270,428	0	276,391
Total Expenditures	<u>22,428,691</u>	<u>7,711,223</u>	<u>21,931</u>	<u>3,559,312</u>	<u>153,404</u>	<u>33,874,561</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,097,150)	14,932,062	(3,124)	(2,064,314)	27,052	794,526
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	14,447	37,610	0	0	0	52,057
Operating Transfers In	15,296,484	2,049,833	0	1,836,874	0	19,183,191
Operating Transfers Out	(1,584,182)	(16,490,207)	0	(461,760)	(12,992)	(18,549,141)
Total Other Financing Sources (Uses)	<u>13,726,749</u>	<u>(14,402,764)</u>	<u>0</u>	<u>1,375,114</u>	<u>(12,992)</u>	<u>686,107</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,629,599	529,298	(3,124)	(689,200)	14,060	1,480,633
Fund Balance (Deficit) Beginning of Year	1,670,997	2,801,380	9,889	(2,045,189)	598,690	3,035,767
Increase in Inventory Reserve	11,709	30,318	0	0	0	42,027
Fund Balance (Deficit) End of Year	<u>\$3,312,305</u>	<u>\$3,360,996</u>	<u>\$6,765</u>	<u>(\$2,734,389)</u>	<u>\$612,750</u>	<u>\$4,558,427</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, 2002

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$1,849,769	\$1,894,024	\$44,255	\$16,708,641	\$16,581,950	(\$126,691)
Intergovernmental Revenues	4,827,932	4,277,298	(550,634)	7,410,720	4,234,616	(3,176,104)
Charges for Services	256,121	233,640	(22,481)	869,775	840,614	(29,161)
Licenses, Permits and Fees	1,529,388	1,607,430	78,042	150,000	161,145	11,145
Investment Earnings	857,500	370,635	(486,865)	29,000	28,596	(404)
Special Assessments	0	0	0	0	0	0
Fines and Forfeitures	1,465,000	1,598,155	133,155	94,600	97,041	2,441
All Other Revenues	133,580	106,643	(26,937)	464,861	361,126	(103,735)
Total Revenues	10,919,290	10,087,825	(831,465)	25,727,597	22,305,088	(3,422,509)
Expenditures:						
Current:						
Security of Persons and Property	15,575,797	13,662,073	1,913,724	1,644,418	1,232,167	412,251
Public Health and Welfare Services	2,378,809	1,999,883	378,926	568,469	523,119	45,350
Leisure Time Activities	0	0	0	1,123,660	964,964	158,696
Community Environment	1,300,394	1,220,158	80,236	2,874,413	1,897,634	976,779
Transportation	0	0	0	4,083,351	3,396,592	686,759
General Government	6,996,369	6,477,292	519,077	896,504	681,492	215,012
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	26,251,369	23,359,406	2,891,963	11,190,815	8,695,968	2,494,847
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,332,079)	(13,271,581)	2,060,498	14,536,782	13,609,120	(927,662)
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	22,000	14,447	(7,553)	35,000	37,610	2,610
Proceeds from General Obligation Notes	0	0	0	0	0	0
Operating Transfers In	17,582,645	15,296,484	(2,286,161)	2,467,553	2,049,833	(417,720)
Operating Transfers Out	(4,210,595)	(1,584,182)	2,626,413	(16,502,182)	(16,490,207)	11,975
Advances In	1,181,955	1,181,955	0	17,397	93,385	75,988
Advances Out	(820,000)	(820,000)	0	(25,970)	(25,970)	0
Total Other Financing Sources (Uses)	13,756,005	14,088,704	332,699	(14,008,202)	(14,335,349)	(327,147)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,576,074)	817,123	2,393,197	528,580	(726,229)	(1,254,809)
Fund Balance at Beginning of Year	939,470	939,470	0	672,183	672,183	0
Prior Year Encumbrances	664,249	664,249	0	971,602	971,602	0
Fund Balance (Deficit) at End of Year	\$27,645	\$2,420,842	\$2,393,197	\$2,172,365	\$917,556	(\$1,254,809)

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, 2002

<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	\$350,000	\$396,527	\$46,527	\$18,908,410	\$18,872,501	(\$35,909)
0	0	0	1,735,177	1,009,205	(725,972)	13,973,829	9,521,119	(4,452,710)
0	0	0	0	0	0	1,125,896	1,074,254	(51,642)
0	0	0	0	0	0	1,679,388	1,768,575	89,187
0	0	0	4,437	27,050	22,613	890,937	426,281	(464,656)
45,000	18,807	(26,193)	0	0	0	45,000	18,807	(26,193)
0	0	0	50,000	44,328	(5,672)	1,609,600	1,739,524	129,924
0	0	0	1,438	6,774	5,336	599,879	474,543	(125,336)
45,000	18,807	(26,193)	2,141,052	1,483,884	(657,168)	38,832,939	33,895,604	(4,937,335)
0	0	0	0	0	0	17,220,215	14,894,240	2,325,975
0	0	0	0	0	0	2,947,278	2,523,002	424,276
0	0	0	0	0	0	1,123,660	964,964	158,696
0	0	0	0	0	0	4,174,807	3,117,792	1,057,015
0	0	0	0	0	0	4,083,351	3,396,592	686,759
13,530	5,809	7,721	0	0	0	7,906,403	7,164,593	741,810
0	0	0	12,992,987	3,910,387	9,082,600	12,992,987	3,910,387	9,082,600
15,000	15,000	0	4,673,000	4,673,000	0	4,688,000	4,688,000	0
6,747	5,963	784	275,343	271,219	4,124	282,090	277,182	4,908
35,277	26,772	8,505	17,941,330	8,854,606	9,086,724	55,418,791	40,936,752	14,482,039
9,723	(7,965)	(17,688)	(15,800,278)	(7,370,722)	8,429,556	(16,585,852)	(7,041,148)	9,544,704
0	0	0	0	0	0	57,000	52,057	(4,943)
0	0	0	14,560,499	13,948,000	(612,499)	14,560,499	13,948,000	(612,499)
0	0	0	1,781,029	1,836,874	55,845	21,831,227	19,183,191	(2,648,036)
0	0	0	(468,264)	(461,760)	6,504	(21,181,041)	(18,536,149)	2,644,892
0	0	0	0	726,615	726,615	1,199,352	2,001,955	802,603
0	0	0	(1,155,985)	(1,155,985)	0	(2,001,955)	(2,001,955)	0
0	0	0	14,717,279	14,893,744	176,465	14,465,082	14,647,099	182,017
9,723	(7,965)	(17,688)	(1,082,999)	7,523,022	8,606,021	(2,120,770)	7,605,951	9,726,721
8,359	8,359	0	1,564,874	1,564,874	0	3,184,886	3,184,886	0
1,530	1,530	0	690,480	690,480	0	2,327,861	2,327,861	0
\$19,612	\$1,924	(\$17,688)	\$1,172,355	\$9,778,376	\$8,606,021	\$3,391,977	\$13,118,698	\$9,726,721



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, 2002

	<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Type</i>	Totals (Memorandum Only)
	Enterprise Funds	Internal Service Funds	Nonexpendable Trust Fund	
<u>Operating Revenues:</u>				
Charges for Services	\$10,838,393	\$4,392,341	\$5,654	\$15,236,388
Other Operating Revenues	563	61,800	0	62,363
Total Operating Revenues	10,838,956	4,454,141	5,654	15,298,751
<u>Operating Expenses:</u>				
Personal Services	3,955,314	4,135,095	0	8,090,409
Materials and Supplies	864,837	0	0	864,837
Contractual Services	1,809,225	10,743	0	1,819,968
Depreciation	1,742,410	0	0	1,742,410
Total Operating Expenses	8,371,786	4,145,838	0	12,517,624
Operating Income	2,467,170	308,303	5,654	2,781,127
<u>Nonoperating Revenues (Expenses):</u>				
Investment Earnings	26,627	0	0	26,627
Interest and Fiscal Charges	(1,036,278)	0	0	(1,036,278)
Miscellaneous Nonoperating Expense	(19,190)	0	0	(19,190)
Loss on Disposal of Fixed Asset	(603,945)	0	0	(603,945)
Total Nonoperating Revenues (Expenses)	(1,632,786)	0	0	(1,632,786)
Income Before Operating Transfers	834,384	308,303	5,654	1,148,341
<u>Operating Transfers:</u>				
Operating Transfers In	707,816	0	0	707,816
Operating Transfers Out	(941,866)	(400,000)	0	(1,341,866)
Total Operating Transfers	(234,050)	(400,000)	0	(634,050)
Net Income (Loss)	600,334	(91,697)	5,654	514,291
Retained Earnings/Fund Balance at Beginning of Year	6,244,709	2,861,791	573,346	9,679,846
Retained Earnings/Fund Balance at End of Year	<u>\$6,845,043</u>	<u>\$2,770,094</u>	<u>\$579,000</u>	<u>\$10,194,137</u>

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, 2002

	<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	\$10,722,220	\$0	\$5,654	\$10,727,874
Cash Received from Quasi-External Operating Transactions from Other Funds	0	4,464,685	0	4,464,685
Cash Payments for Goods and Services	(2,872,525)	(3,969,039)	0	(6,841,564)
Cash Payments to Employees	(3,927,494)	0	0	(3,927,494)
Net Cash Provided by Operating Activities	<u>3,922,201</u>	<u>495,646</u>	<u>5,654</u>	<u>4,423,501</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers In from Other Funds	707,816	0	0	707,816
Transfers Out to Other Funds	(941,866)	(400,000)	0	(1,341,866)
Net Cash Used for Noncapital Financing Activities	<u>(234,050)</u>	<u>(400,000)</u>	<u>0</u>	<u>(634,050)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Assets	(1,104,022)	0	0	(1,104,022)
Principal Paid on General Obligation Bonds	(1,675,000)	0	0	(1,675,000)
Principal Paid on Ohio Water Development Authority Loan	(467,406)	0	0	(467,406)
Interest Paid on All Debt	(986,893)	0	0	(986,893)
Net Cash Used for Capital and Related Financing Activities	<u>(4,233,321)</u>	<u>0</u>	<u>0</u>	<u>(4,233,321)</u>
<u>Cash Flows from Investing Activities:</u>				
Receipts of Interest	26,680	0	0	26,680
Net Cash Provided by Investing Activities	<u>26,680</u>	<u>0</u>	<u>0</u>	<u>26,680</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(518,490)	95,646	5,654	(417,190)
Cash and Cash Equivalents at Beginning of Year	9,351,710	2,895,682	83,246	12,330,638
Cash and Cash Equivalents at End of Year	<u>\$8,833,220</u>	<u>\$2,991,328</u>	<u>\$88,900</u>	<u>\$11,913,448</u>
<u>Reconciliation of Cash and</u>				
<u>Cash Equivalents per the Balance Sheet:</u>				
Cash and Cash Equivalents	\$8,818,488	\$2,991,328	\$574,698	\$12,384,514
Less: Cash and Cash Equivalents in Expendable Trust Fund	0	0	(574,698)	(574,698)
Restricted Cash and Cash Equivalents	0	0	526,354	526,354
Restricted Cash with Fiscal Agent	14,732	0	0	14,732
Less: Restricted Cash in Agency Funds	0	0	(437,454)	(437,454)
Cash and Cash Equivalents at End of Year	<u>\$8,833,220</u>	<u>\$2,991,328</u>	<u>\$88,900</u>	<u>\$11,913,448</u>

THE CITY OF NEWARK, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Proprietary</u>		<u>Fiduciary</u>	Totals (Memorandum Only)
	<u>Fund Types</u>		<u>Fund Type</u>	
	Enterprise Funds	Internal Service Funds	Nonexpendable Trust Fund	
Reconciliation of Operating Income to Net Cash				
<u>Provided by Operating Activities:</u>				
Operating Income	\$2,467,170	\$308,303	\$5,654	\$2,781,127
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation Expense	1,742,410	0	0	1,742,410
Miscellaneous Nonoperating Expense	(19,190)	0	0	(19,190)
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(116,736)	10,544	0	(106,192)
Increase in Inventory	(103,778)	0	0	(103,778)
Increase in Prepaid Items	(6,845)	0	0	(6,845)
Increase (Decrease) in Accounts Payable	(57,344)	2,001	0	(55,343)
Increase (Decrease) in Accrued Wages and Benefits	(33,054)	174,798	0	141,744
Decrease in Intergovernmental Payables	(11,306)	0	0	(11,306)
Increase in Compensated Absences	60,874	0	0	60,874
Total Adjustments	<u>1,455,031</u>	<u>187,343</u>	<u>0</u>	<u>1,642,374</u>
Net Cash Provided by Operating Activities	<u>\$3,922,201</u>	<u>\$495,646</u>	<u>\$5,654</u>	<u>\$4,423,501</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2002, the Water and Sewer Funds had outstanding liabilities of \$19,331 and \$25,057, respectively for the purchase of certain capital assets. In addition, the fair value of the investments reported in the Nonexpendable Trust Fund increased by \$936.

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, 2002

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 and nonexpendable trust fund. The financial statements are presented as of December 31, 2002 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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

Special assessment installments including related accrued interest, which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes, which are measurable at December 31, 2002 but are not intended to finance 2002 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.

1. Tax Budget

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

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 2002.

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 Projects Funds
GAAP Basis (as reported)	\$1,629,599	\$529,298	(\$3,124)	(\$689,200)
Increase (Decrease):				
Accrued Revenues at December 31, 2002 received during 2003	(1,650,823)	(1,621,355)	0	(13,811)
Accrued Revenues at December 31, 2001 received during 2002	1,769,062	1,459,845	0	2,697
Accrued Expenditures at December 31, 2002 paid during 2003	1,632,362	691,666	0	875,342
Accrued Expenditures at December 31, 2001 paid during 2002	(1,792,439)	(845,638)	0	(1,499,240)
2001 Prepays for 2002	25,028	6,745	0	0
2002 Prepays for 2003	(33,322)	(8,111)	0	0
Fund Debt:				
Note Proceeds	0	0	0	13,948,000
Note Retirements	0	0	0	(4,563,000)
Outstanding Encumbrances	(762,344)	(938,679)	(4,841)	(537,766)
Budget Basis	<u>\$817,123</u>	<u>(\$726,229)</u>	<u>(\$7,965)</u>	<u>\$7,523,022</u>

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 had invested funds in the STAR Ohio during 2002. 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, 2002.

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:

<u>Description</u>	<u>Estimated Lives (Years)</u>
Buildings	45
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:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	Water Fund
	Tax Increment Financing Fund
Special Assessment Bonds	Debt Service Fund
OWDA Loan	Sewer Fund
Capital Leases	Street Department Fund
	Capital Improvement Fund
Compensated Absences	General Fund
	Street Department Fund
	Income Tax 1% Fund
	Cemetery Fund
	Community Development Fund
	Parks and Recreation Fund
	Traffic Control Fund
	Water Fund
Sewer Fund	
Accrued Pension Liability	General Fund

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 2002.

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. Capital contributions received after December 31, 2000 are recorded as revenue in the proprietary funds.

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, 2002 of \$17,397 in the Traffic Safety Fund, \$1,383 in the Probation Grant Fund, \$64,554 in the Federal Transit Administration Fund, (special revenue funds), \$726,615 in the Bikeway Upgrade Fund (capital projects fund), \$328 in the Law Library Fund (expendable trust fund), and \$4,004,854 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 \$531,381 in the Deo Drive Improvement Fund, and \$1,735,008 in the East Main Street Bridge Replacement Fund (capital projects funds) are the result of recording notes payable amounts in the individual fund balance sheets. The General Fund provides operating transfers 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 five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

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

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

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 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*," collateral held in single financial institution collateral pools with securities being held by the pledging financial institution's agent in the pool's name are classified as Category 3.

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

Deposits:

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

Investments:

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

A. Deposits

At year end the carrying amount of the City's deposits was \$10,222,222 and the bank balance was \$10,880,575. Federal depository insurance covered \$615,000 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, 2002 are summarized below:

<u>Categorized Investments</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Fair Value</u>
Federal Home Loan Bank Bonds	\$1,620,040	\$0	\$1,620,040
Federal Home Loan Corporation Notes	4,014,910	0	4,014,908
Federal Mortgage Corporation Notes	3,221,481	0	3,221,481
Repurchase Agreement	0	1,220,213	1,220,213
Total Categorized Investments	8,856,431	1,220,213	10,076,642
<u>Non-Categorized Investments</u>			
STAR Ohio	N/A	N/A	8,469,928
Mutual Funds	N/A	N/A	53,209
Total Non-Categorized Investments	N/A	N/A	8,523,137
Total Investments	\$8,856,431	\$1,220,213	\$18,599,779

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 \$290,409 being held by the Licking County Engineer. This cash is restricted in its use for various road improvement projects.

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the 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:

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per Combined Balance Sheet	\$17,463,863	\$11,358,138
Certificates of Deposit (with maturities of more than 3 months)	2,448,500	(2,448,500)
Investments:		
STAR Ohio	(8,469,928)	8,469,928
Repurchase Agreement	(1,220,213)	1,220,213
Per GASB Statement No. 3	\$10,222,222	\$18,599,779

* 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 2002 were levied after October 1, 2001 on assessed values as of January 1, 2001, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be reevaluated every six years and equalization adjustments made in the third year following the reappraisal. The last revaluation was completed for tax year 1999. Real property taxes are payable annually or semiannually. If paid annually, payment is due January 31; if paid semiannually, the first payment is due February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

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

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

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

The full tax rate for the City's operations for the year ended December 31, 2002 was \$3.70 per \$1,000 of assessed value. The assessed value upon which the 2002 levy was based was \$718,973,460. This amount constitutes \$625,078,160 in real property assessed value, \$23,735,560 in public utility assessed value and \$70,159,740 in tangible personal property assessed value.

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

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, 2002 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, 2002 consist of the following individual fund receivables and payables:

Fund	Interfund Loans Receivable	Interfund Loans Payable
General Fund	\$820,000	\$0
Special Revenue Funds:		
Traffic Safety	0	17,397
Probation Grant Fund	0	7,544
Federal Transit Administration	0	68,444
Total Special Revenue Funds	0	93,385
Capital Projects Fund:		
Bikeway Upgrade	0	726,615
Totals	\$820,000	\$820,000

NOTE 7 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for 2002:

Fund	Transfer In	Transfer Out
General Fund	\$15,296,484	\$1,584,182
Special Revenue Funds:		
Street Department	602,571	342,334
Cemetery	296,541	0
Parks and Recreation	453,639	0
Traffic Control	676,754	0
Compost	8,000	0
Income Tax	0	15,589,580
Community Development	0	4,802
Police Grant	10,123	0
Police/Fire Pension	0	426,892
Cemetery Rental	0	5,000
State Highway	0	100,523
Law Enforcement	0	0
Probation Grant	0	0
Impound	0	20,000
Victims of Crime Act Grant	0	1,076
Federal Transit Administration	0	0
Litter Grant	2,205	0
Total Special Revenue Funds	2,049,833	16,490,207
Capital Projects Funds:		
North Fork Flood Control	57,145	0
Cedar Hill Expansion	31,170	0
Deo Drive Improvement	16,995	0
Capital Improvement	1,675,114	461,760
East Main Street Bridge Replacement	56,450	0
Total Capital Projects Funds	1,836,874	461,760
Expendable Trust Funds:		
Cemetery Open and Close	0	6,000
Cemetery Vault	0	5,992
Monument Sales Trust	0	1,000
Total Expendable Trust Funds	0	12,992
Enterprise Funds:		
Water	707,816	117,025
Sewer	0	824,841
Total Enterprise Funds	707,816	941,866
Internal Service Fund:		
Worker's Compensation	0	400,000
Totals	<u>\$19,891,007</u>	<u>\$19,891,007</u>

NOTE 8 - FIXED ASSETS**A. General Fixed Assets**

Summary by Category of changes in General Fixed Assets:

Category	December 31, 2001	Additions	Deletions	December 31, 2002
Land	\$621,267	\$315,901	(\$106,230)	\$830,938
Buildings and Improvements	7,210,708	0	(262,285)	6,948,423
Land Improvements	4,325,012	259,248	(545,532)	4,038,728
Machinery and Equipment	13,529,514	627,236	(2,359,753)	11,796,997
Construction in Progress	100,100	377,600	(90,231)	387,469
Totals	\$25,786,601	\$1,579,985	(\$3,364,031)	\$24,002,555

Summary by Category and Investment at December 31, 2002:

General Fixed Assets	Investment in General Fixed Assets	
	General Fund	\$7,721,341
	Special Revenue Funds	4,295,212
Land	Capital Projects Funds	10,443,311
Buildings and Improvements	Enterprise Funds	71,804
Land Improvements	Bonds	982,580
Machinery and Equipment	Grants	360,997
Construction in Progress	Donated	127,310
Total	Total	\$24,002,555

B. Proprietary Fixed Assets

Summary by Category at December 31, 2002:

Category	Historic Cost	Accumulated Depreciation	Book Value
Land	\$170,500	\$0	\$170,500
Buildings and Improvements	22,603,669	(7,833,881)	14,769,788
Land Improvements	4,732,831	(1,374,502)	3,358,329
Infrastructure	7,449,528	(3,014,386)	4,435,142
Machinery and Equipment	32,688,562	(19,591,972)	13,096,590
Construction In Progress	1,950	0	1,950
Property, Plant and Equipment	\$67,647,040	(\$31,814,741)	\$35,832,299

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

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

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in the Ohio PERS, a cost-sharing multiple employer defined benefit pension plan. The Ohio PERS 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 Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 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 2002 employer contribution rate for local government employer units was 13.55%, of covered payroll, 8.55% to fund the pension and 5.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2002, 2001 and 2000 were \$1,611,424, \$1,549,544 and \$1,164,353, respectively, which were equal to the required contributions for each year.

The Ohio PERS provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2002 employer contribution rate (identified above) that was used to fund health care for the year 2002 was 5.0% of covered payroll which amounted to \$594,621.

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System’s latest actuarial review performed as of December 31, 2001. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2001 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 402,041. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2001 is \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

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, 2002, 2001 and 2000 were \$676,401, \$667,932 and \$667,779 for police and \$899,822, \$855,835 and \$814,643 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

The portion of the 2002 covered payroll that was used to fund postemployment health care benefits was \$268,826 representing 7.75% of covered payroll for police and \$290,567 representing 7.75% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. As of December 31, 2001, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,174 for police and 10,239 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, 2001 were \$122,298,771, which was net of member contributions of \$6,874,699.

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, 2002, the total accumulated unpaid sick leave time recorded in the General Long-Term Obligations Account Group was:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	134,955	\$1,090,630
Vacation Time	64,209	1,244,646
Compensation Time	<u>16,918</u>	<u>327,744</u>
Total	<u>216,082</u>	<u>\$2,663,020</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.

	Balance January 1, 2002	Issued (Retired)	Balance December 31, 2002
Capital Projects Notes Payable:			
3.09% Fire Truck	\$330,000	(\$330,000)	\$0
2.35% Fire Truck	0	280,000	280,000
3.09% Medic Unit	80,000	(80,000)	0
3.09% North Fork Flood Control	55,000	(55,000)	0
3.09% Cedar Hill Cemetery Expansion	30,000	(30,000)	0
3.09% Deo Drive Extension	550,000	(550,000)	0
1.96% Deo Drive Extension	0	550,000	550,000
3.30% East Main Street Bridge Replacement	1,759,000	(1,759,000)	0
1.75% East Main Street Bridge Replacement	0	1,759,000	0
		(1,759,000)	0
1.75% East Main Street Bridge Replacement	0	1,759,000	1,759,000
1.70% Police and Fire Facilities	0	9,600,000	9,600,000
Total Capital Projects Notes Payable	<u>\$2,804,000</u>	<u>\$9,385,000</u>	<u>\$12,189,000</u>

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

Long-term debt and other long-term obligations of the City at December 31, 2002 were as follows:

		Balance December 31, 2001	Issued (Retired)	Balance December 31, 2002
Enterprise Funds:				
General Obligation Bonds:				
1993 Water System Improvement	2018	\$3,396,999	(\$1,235,000)	
			8,530	\$2,170,529
1998 Water System Improvement Refunding	2018	10,932,017	(440,000)	
			43,342	10,535,359
Total General Obligation Bonds		14,329,016	(1,623,128)	12,705,888
Ohio Water Development Authority Loan (OWDA):				
1986 Loan # 782	2013	8,142,990	(467,406)	7,675,584
Total Enterprise Long-Term Debt		<u>\$22,472,006</u>	<u>(\$2,090,534)</u>	<u>\$20,381,472</u>
General Long-Term Debt:				
General Obligation Bond:				
1999 East Main Street Improvement	2019	\$2,995,000	(\$110,000)	\$2,885,000
Special Assessment Bond:				
1997 Hudson Avenue Street Lighting	2007	120,000	(15,000)	105,000
Other Long-Term Obligations:				
Compensated Absences		2,285,111	377,909	2,663,020
Capital Leases		443,508	(132,585)	310,923
Accrued Pension Liability		2,220,894	(30,938)	2,189,956
Total Other Long-Term Obligations		<u>4,949,513</u>	<u>214,386</u>	<u>5,163,899</u>
Total General Long-Term Debt and Other Long-Term Obligations		<u>\$8,064,513</u>	<u>\$89,386</u>	<u>\$8,153,899</u>

The principal amount of the City's special assessment debt outstanding at December 31, 2002, \$105,000, 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 \$6,765 in the Debt Service Fund at December 31, 2002 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, 2002 was \$4,056,874 in principal and interest payments through the year 2036. Only the principal amount of \$2,189,956 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, 2002 follows:

Years	General Obligation Bonds		Special Assessment Bond		OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$1,278,582	\$426,926	\$20,000	\$5,220	\$503,163	\$587,183
2004	941,178	763,611	20,000	4,230	541,654	548,691
2005	948,799	765,612	20,000	3,240	583,092	507,254
2006	947,612	2,734,870	20,000	2,250	627,699	462,647
2007	952,648	760,415	25,000	1,250	675,718	414,628
2008-2012	5,698,489	2,887,382	0	0	4,237,738	1,213,987
2013-2017	3,864,931	4,692,577	0	0	506,520	38,652
2018-2022	958,649	1,018,073	0	0	0	0
2023-2036	0	0	0	0	0	0
Totals	\$15,590,888	\$14,049,466	\$105,000	\$16,190	\$7,675,584	\$3,773,042

Years	Accrued Pension Liability		Capital Leases		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$32,266	\$92,734	\$137,902	\$16,873	\$1,971,913	\$1,128,936
2004	33,652	91,348	39,786	9,689	1,576,270	1,417,569
2005	35,098	89,902	42,014	7,461	1,629,003	1,373,469
2006	36,604	88,396	44,367	5,108	1,676,282	3,293,271
2007	38,178	86,822	46,854	2,624	1,738,398	1,265,739
2008-2012	216,934	408,066	0	0	10,153,161	4,509,435
2013-2017	267,702	357,298	0	0	4,639,153	5,088,527
2018-2022	330,350	294,650	0	0	1,288,999	1,312,723
2023-2036	1,199,172	357,702	0	0	1,199,172	357,702
Totals	\$2,189,956	\$1,866,918	\$310,923	\$41,755	\$25,872,351	\$19,747,371

NOTE 12 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**C. Defeasance of General Obligation Debt**

In December 1998, the City defeased \$12,045,000 of Water System Improvement Bonds for Water Improvements dated June 1, 1993 (the "1993 Bond") through the issuance of \$13,093,825 of Water System Improvement Refunding Bonds (the "1998 Bonds"). The net proceeds of the 1998 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$12,045,000 at December 31, 2002 are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

NOTE 13 - CAPITALIZED LEASES

The City leases a street cleaner, a storage building and a bucket truck under capital leases. The original cost of the equipment, \$642,858, 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, 2002:

<u>Year Ending December 31,</u>	<u>Capital Leases</u>
2003	\$154,778
2004	49,475
2005	49,475
2006	49,475
2007	<u>49,475</u>
Minimum Lease Payments	352,678
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(41,755)</u>
Present value of minimum lease payments	<u><u>\$310,923</u></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 2001 and 2002 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 2001 through 2002 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, 2002 generally protects the Pool against individual losses over \$100,000. For the preceding two year period, the Pool was reinsured for casualty losses as follows:

<u>Policy Period</u>	<u>Stop Loss Amount</u>
April 1, 2000 to March 31, 2001	\$150,000
April 1, 2001 to March 31, 2002	100,000

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 \$50,000 per occurrence. Since November 1, 1990, the Pool is limited to an annual aggregate loss of \$300,000 prior to November 1, 1990 under this treaty.

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

B. Workers' Compensation

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

NOTE 15 - 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, 2002 for these enterprise activities is as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues	\$5,574,060	\$5,264,896	\$10,838,956
Depreciation	944,000	798,410	1,742,410
Operating Income	923,965	1,543,205	2,467,170
Operating Transfers In	707,816	0	707,816
Operating Transfers Out	(117,025)	(824,841)	(941,866)
Net Income (Loss)	1,073,318	(472,984)	600,334
Property, Plant and Equipment:			
Additions	907,137	575,842	1,482,979
Deletions	182,257	1,427,868	1,610,125
Total Assets	26,283,252	20,188,710	46,471,962
Net Working Capital	6,101,166	3,532,560	9,633,726
Bonds and Loans Payable	12,705,888	7,675,584	20,381,472
Total Equity	12,815,441	11,744,691	24,560,132

NOTE 16 - CONTRIBUTED CAPITAL

There were no changes to contributed capital during 2002. Contributed capital is as follows:

	Balance 12/31/2002
Water	\$1,965,544
Sewer	15,749,545
Total Enterprise	<u>\$17,715,089</u>

NOTE 17 - CONTINGENCIES

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

*COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE THE
GENERAL FUND, SPECIAL REVENUE FUNDS, CAPITAL PROJECTS FUNDS,
ENTERPRISE FUNDS, INTERNAL SERVICE FUNDS, FIDUCIARY FUNDS AND
THE GENERAL FIXED ASSETS ACCOUNT GROUP.*

GENERAL FUND

The General Fund is used to account for government resources not accounted for in any other fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter and/or the general laws of Ohio.

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Taxes	\$1,849,769	\$1,894,024	\$44,255
Intergovernmental Revenues	4,827,932	4,277,298	(550,634)
Charges for Services	256,121	233,640	(22,481)
Licenses, Permits and Fees	1,529,388	1,607,430	78,042
Investment Earnings	857,500	370,635	(486,865)
Fines and Forfeitures	1,465,000	1,598,155	133,155
All Other Revenues	133,580	106,643	(26,937)
Total Revenues	<u>10,919,290</u>	<u>10,087,825</u>	<u>(831,465)</u>
Expenditures:			
Security of Persons and Property			
Flood Control:			
Contractual Services	24,175	11,722	12,453
Materials and Supplies	1,050	231	819
Total Flood Control	<u>25,225</u>	<u>11,953</u>	<u>13,272</u>
Police:			
Personal Services	6,719,892	6,188,047	531,845
Contractual Services	668,237	491,247	176,990
Materials and Supplies	241,191	204,506	36,685
Other Expenditures	7,771	5,192	2,579
Capital Outlay	153,987	152,765	1,222
Total Police	<u>7,791,078</u>	<u>7,041,757</u>	<u>749,321</u>
Fire:			
Personal Services	6,547,736	5,616,037	931,699
Contractual Services	728,978	599,594	129,384
Materials and Supplies	299,418	215,869	83,549
Other Expenditures	3,412	0	3,412
Capital Outlay	179,950	176,863	3,087
Total Fire	<u>7,759,494</u>	<u>6,608,363</u>	<u>1,151,131</u>
Total Security of Persons and Property	<u>15,575,797</u>	<u>13,662,073</u>	<u>1,913,724</u>
Public Health and Welfare Services			
Health Department:			
Personal Services	366,771	360,227	6,544
Contractual Services	43,905	36,548	7,357
Materials and Supplies	15,070	12,731	2,339
Other Expenditures	32,270	29,282	2,988
Capital Outlay	2,500	2,297	203
Total Health Department	<u>460,516</u>	<u>441,085</u>	<u>19,431</u>

(Continued)

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Sanitation:			
Personal Services	246,356	238,044	8,312
Contractual Services	46,589	31,153	15,436
Materials and Supplies	16,929	14,140	2,789
Other Expenditures	8,946	8,088	858
Total Sanitation	318,820	291,425	27,395
Nursing:			
Personal Services	486,989	449,288	37,701
Contractual Services	41,314	32,665	8,649
Materials and Supplies	66,842	55,516	11,326
Other Expenditures	4,646	2,927	1,719
Total Nursing	599,791	540,396	59,395
Plumbing:			
Personal Services	63,545	57,000	6,545
Contractual Services	3,995	2,105	1,890
Materials and Supplies	800	798	2
Other Expenditures	100	0	100
Total Plumbing	68,440	59,903	8,537
Dental Sealant:			
Personal Services	59,124	46,703	12,421
Contractual Services	15,500	9,280	6,220
Materials and Supplies	5,729	5,491	238
Other Expenditures	1,785	1,785	0
Total Dental Sealant	82,138	63,259	18,879
Pool and Spa:			
Contractual Services	750	230	520
Materials and Supplies	1,405	1,392	13
Other Expenditures	1,530	1,505	25
Total Pool and Spa	3,685	3,127	558
Solid Waste:			
Personal Services	65,945	63,717	2,228
Contractual Services	8,985	4,452	4,533
Materials and Supplies	2,551	1,929	622
Other Expenditures	10,200	8,670	1,530
Total Solid Waste	87,681	78,768	8,913

(Continued)

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
AIDS Grant:			
Personal Services	54,918	53,983	935
Contractual Services	3,938	3,486	452
Materials and Supplies	2,831	2,349	482
Total AIDS Grant	61,687	59,818	1,869
Miller Dental:			
Contractual Services	1,782	1,421	361
Other Expenditures	850	0	850
Total Miller Dental	2,632	1,421	1,211
Immunization Plan:			
Personal Services	30,877	29,201	1,676
Contractual Services	13,370	13,201	169
Materials and Supplies	1,337	770	567
Other Expenditures	4,248	1,948	2,300
Total Immunization Plan	49,832	45,120	4,712
Welcome Home Grant:			
Contractual Services	83	0	83
Materials and Supplies	255	254	1
Total Welcome Home Grant	338	254	84
Early Start Grant:			
Contractual Services	2,328	1,233	1,095
Materials and Supplies	5,625	4,943	682
Total Early Start Grant	7,953	6,176	1,777
Help Me Grow Grant:			
Personal Services	365,662	322,473	43,189
Contractual Services	26,650	18,711	7,939
Materials and Supplies	27,075	19,543	7,532
Other Expenditures	300	100	200
Total Help Me Grow Grant	419,687	360,827	58,860
Public Health Infrastructure Grant			
Personal Services	138,523	9,836	128,687
Contractual Services	67,162	32,711	34,451
Materials and Supplies	218	0	218
Capital Outlay	9,706	5,757	3,949
Total Public Health Infrastructure Grant	215,609	48,304	167,305
Total Public Health and Welfare Services	2,378,809	1,999,883	378,926

(Continued)

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Community Environment			
Code Administration:			
Personal Services	1,166,844	1,096,135	70,709
Contractual Services	64,723	59,485	5,238
Materials and Supplies	33,718	30,154	3,564
Other Expenditures	13,509	13,031	478
Capital Outlay	<u>21,600</u>	<u>21,353</u>	<u>247</u>
Total Code Administration	<u>1,300,394</u>	<u>1,220,158</u>	<u>80,236</u>
Total Community Environment	<u>1,300,394</u>	<u>1,220,158</u>	<u>80,236</u>
General Government:			
City Council:			
Personal Services	<u>118,497</u>	<u>116,349</u>	<u>2,148</u>
Total City Council	<u>118,497</u>	<u>116,349</u>	<u>2,148</u>
Clerk of Council:			
Personal Services	46,863	46,112	751
Contractual Services	32,590	26,992	5,598
Materials and Supplies	<u>1,000</u>	<u>852</u>	<u>148</u>
Total Clerk of Council	<u>80,453</u>	<u>73,956</u>	<u>6,497</u>
Mayor:			
Personal Services	137,676	137,472	204
Contractual Services	24,267	17,094	7,173
Materials and Supplies	<u>3,240</u>	<u>1,742</u>	<u>1,498</u>
Total Mayor	<u>165,183</u>	<u>156,308</u>	<u>8,875</u>
Auditor:			
Personal Services	372,386	371,101	1,285
Contractual Services	176,968	158,514	18,454
Materials and Supplies	4,067	3,324	743
Capital Outlay	<u>900</u>	<u>0</u>	<u>900</u>
Total Auditor	<u>554,321</u>	<u>532,939</u>	<u>21,382</u>
Treasurer:			
Personal Services	92,413	87,969	4,444
Contractual Services	8,073	6,144	1,929
Materials and Supplies	<u>2,135</u>	<u>1,289</u>	<u>846</u>
Total Treasurer	<u>102,621</u>	<u>95,402</u>	<u>7,219</u>
Law Director:			
Personal Services	693,992	685,283	8,709
Contractual Services	62,875	48,134	14,741
Materials and Supplies	<u>10,288</u>	<u>7,705</u>	<u>2,583</u>
Total Law Director	<u>767,155</u>	<u>741,122</u>	<u>26,033</u>

(Continued)

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Clerk of Courts:			
Personal Services	821,789	805,747	16,042
Contractual Services	133,061	130,762	2,299
Materials and Supplies	15,317	14,800	517
Total Clerk of Courts	<u>970,167</u>	<u>951,309</u>	<u>18,858</u>
Civil Service:			
Contractual Services	87,033	49,192	37,841
Materials and Supplies	444	398	46
Total Civil Service	<u>87,477</u>	<u>49,590</u>	<u>37,887</u>
Contingency-Reserve:			
Claims and Judgments	13,336	13,333	3
Total Contingency-Reserve	<u>13,336</u>	<u>13,333</u>	<u>3</u>
Judiciary:			
Personal Services	536,192	527,713	8,479
Contractual Services	103,485	69,576	33,909
Material and Supplies	18,073	8,094	9,979
Total Judiciary	<u>657,750</u>	<u>605,383</u>	<u>52,367</u>
Personnel:			
Personal Services	187,560	179,893	7,667
Contractual Services	27,946	20,863	7,083
Materials and Supplies	1,128	592	536
Total Personnel	<u>216,634</u>	<u>201,348</u>	<u>15,286</u>
Adult Probation:			
Personal Services	202,863	202,565	298
Contractual Services	46,844	44,186	2,658
Materials and Supplies	11,195	6,893	4,302
Total Adult Probation	<u>260,902</u>	<u>253,644</u>	<u>7,258</u>
Probation Officer:			
Personal Services	368,404	365,417	2,987
Contractual Services	23,365	16,139	7,226
Materials and Supplies	27,790	19,603	8,187
Total Probation Officer	<u>419,559</u>	<u>401,159</u>	<u>18,400</u>

(Continued)

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Night Prosecutor:			
Personal Services	11,400	8,345	3,055
Contractual Services	130	0	130
Materials and Supplies	50	0	50
Total Night Prosecutor	<u>11,580</u>	<u>8,345</u>	<u>3,235</u>
Service Department:			
Personal Services	240,293	237,811	2,482
Contractual Services	653,914	641,823	12,091
Materials and Supplies	11,782	4,621	7,161
Other Expenditures	190	190	0
Total Service Department	<u>906,179</u>	<u>884,445</u>	<u>21,734</u>
Engineer Department:			
Personal Services	375,975	374,600	1,375
Contractual Services	25,341	22,070	3,271
Materials and Supplies	9,525	6,776	2,749
Other Expenditures	100	0	100
Capital Outlay	6,505	6,436	69
Total Engineer Department	<u>417,446</u>	<u>409,882</u>	<u>7,564</u>
Information Systems			
Personal Services	127,201	126,095	1,106
Contractual Services	92,764	84,078	8,686
Materials and Supplies	11,904	7,862	4,042
Other Expenditures	100	0	100
Total Information System:	<u>231,969</u>	<u>218,035</u>	<u>13,934</u>
Custodial:			
Personal Services	117,529	111,636	5,893
Contractual Services	245,034	194,368	50,666
Materials and Supplies	57,192	49,463	7,729
Total Custodial	<u>419,755</u>	<u>355,467</u>	<u>64,288</u>
Economic Development:			
Personal Services	66,523	66,459	64
Contractual Services	8,607	6,635	1,972
Materials and Supplies	2,184	1,700	484
Other Expenditures	50	0	50
Total Economic Development	<u>77,364</u>	<u>74,794</u>	<u>2,570</u>

(Continued)

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Safety Director:			
Personal Services	221,461	178,115	43,346
Contractual Services	282,985	147,947	135,038
Materials and Supplies	13,475	8,420	5,055
Other Expenditures	100	0	100
Total Safety Director	<u>518,021</u>	<u>334,482</u>	<u>183,539</u>
Total General Government	<u>6,996,369</u>	<u>6,477,292</u>	<u>519,077</u>
Total Expenditures	<u>26,251,369</u>	<u>23,359,406</u>	<u>2,891,963</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,332,079)	(13,271,581)	2,060,498
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	22,000	14,447	(7,553)
Operating Transfers In	17,582,645	15,296,484	(2,286,161)
Operating Transfers Out	(4,210,595)	(1,584,182)	2,626,413
Advances In	1,181,955	1,181,955	0
Advances Out	(820,000)	(820,000)	0
Total Other Financing Sources (Uses)	<u>13,756,005</u>	<u>14,088,704</u>	<u>332,699</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,576,074)	817,123	2,393,197
Fund Balance at Beginning of Year	939,470	939,470	0
Prior Year Encumbrances	664,249	664,249	0
Fund Balance at End of Year	<u>\$27,645</u>	<u>\$2,420,842</u>	<u>\$2,393,197</u>

SPECIAL REVENUE FUNDS

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

Street Department Fund

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

Cemetery Fund

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

Parks and Recreation Fund

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

Traffic Control Fund

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

Compost Facility Fund

To account for monies collected from composting fees.

Income Tax Fund

To account for municipal income tax collections as required by City Ordinance.

Community Development Fund

To account for Federal grants administered through the State which are designated for community and environmental improvements.

(Continued)

SPECIAL REVENUE FUNDS

Police Grant Fund

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

Police/Fire Pension Fund

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

Cemetery Rental Fund

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

State Highway Fund

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

Law Enforcement Fund

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

Traffic Safety Fund

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

Court Computerization Fund

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

Broadcast Fund

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

Permissive License Tax Fund

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

(Continued)

SPECIAL REVENUE FUNDS

Probation Grant Fund

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

Impound Fund

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

Victims of Crime Act (VOCA) Grant Fund

To account for funds disbursed through the State to provide assistance for victims of crime. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Federal Transit Administration (FTA) Fund

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

Litter Grant Fund

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

THE CITY OF NEWARK, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2002

	Street Department	Cemetery	Parks and Recreation	Traffic Control	Compost Facility
Assets:					
Cash and Cash Equivalents	\$92,406	\$25,315	\$105,288	\$27,040	\$6,638
Investments	0	0	0	0	0
Receivables (net of allowances for doubtful accounts):					
Taxes	0	0	11	0	0
Accounts	0	85,873	950	2,223	0
Loans	0	0	0	0	0
Interest	0	2,968	0	0	0
Intergovernmental Receivables	591,627	0	0	0	0
Inventory of Supplies at Cost	134,427	0	0	142,125	0
Prepaid Items	3,625	518	2,054	1,503	0
Restricted Assets:					
Cash With Fiscal Agent	0	0	0	0	0
Total Assets	\$822,085	\$114,674	\$108,303	\$172,891	\$6,638
Liabilities and Fund Equity:					
Liabilities:					
Accounts Payable	\$25,918	\$6,046	\$39,602	\$14,547	\$309
Accrued Wages and Benefits	102,254	19,379	26,555	28,070	615
Interfund Loans Payable	0	0	0	0	0
Intergovernmental Payables	0	0	0	0	0
Deferred Revenue	394,418	85,873	0	0	0
Total Liabilities	522,590	111,298	66,157	42,617	924
Fund Equity:					
Reserved for Encumbrances	66,488	20,097	65,735	12,493	371
Reserved for Supplies Inventory	134,427	0	0	142,125	0
Reserved for Prepaid Items	3,625	518	2,054	1,503	0
Reserved for Loans Receivable	0	0	0	0	0
Unreserved	94,955	(17,239)	(25,643)	(25,847)	5,343
Total Fund Equity	299,495	3,376	42,146	130,274	5,714
Total Liabilities and Fund Equity	\$822,085	\$114,674	\$108,303	\$172,891	\$6,638

**THE CITY OF NEWARK, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2002**

Income Tax	Community Development	Police Grant	Police / Fire Pension	Cemetery Rental	State Highway
\$56,008	\$156,507	\$34,776	\$3,059	\$13,310	\$16,519
0	253,115	0	0	0	0
2,160,845	0	0	418,088	0	0
0	0	0	0	0	0
0	3,253,147	0	0	0	0
0	274	56	0	0	0
0	1,347,145	0	0	0	47,970
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$2,216,853</u>	<u>\$5,010,188</u>	<u>\$34,832</u>	<u>\$421,147</u>	<u>\$13,310</u>	<u>\$64,489</u>
\$937	\$55,618	\$878	\$0	\$0	\$0
32,905	25,284	5,162	0	0	0
0	0	0	0	0	0
0	0	0	0	851	0
498,000	4,600,292	0	418,088	0	31,980
<u>531,842</u>	<u>4,681,194</u>	<u>6,040</u>	<u>418,088</u>	<u>851</u>	<u>31,980</u>
21,399	309,938	3,614	0	700	0
0	0	0	0	0	0
0	0	0	0	0	0
0	3,253,147	0	0	0	0
1,663,612	(3,234,091)	25,178	3,059	11,759	32,509
<u>1,685,011</u>	<u>328,994</u>	<u>28,792</u>	<u>3,059</u>	<u>12,459</u>	<u>32,509</u>
<u>\$2,216,853</u>	<u>\$5,010,188</u>	<u>\$34,832</u>	<u>\$421,147</u>	<u>\$13,310</u>	<u>\$64,489</u>

(Continued)

THE CITY OF NEWARK, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2002

	Law Enforcement	Traffic Safety	Court Computerization	Broadcast	Permissive License Tax
Assets:					
Cash and Cash Equivalents	\$218,986	\$0	\$177,654	\$50,000	\$197,248
Investments	0	0	0	0	319,006
Receivables (net of allowances for doubtful accounts):					
Taxes	0	0	0	0	0
Accounts	0	0	0	0	0
Loans	0	0	0	0	0
Interest	0	0	0	0	0
Intergovernmental Receivables	0	0	0	0	0
Inventory of Supplies at Cost	0	0	0	0	0
Prepaid Items	0	0	0	0	0
Restricted Assets:					
Cash With Fiscal Agent	0	0	0	0	290,409
Total Assets	\$218,986	\$0	\$177,654	\$50,000	\$806,663
Liabilities and Fund Equity:					
Liabilities:					
Accounts Payable	\$10,196	\$0	\$2,013	\$0	\$149,376
Accrued Wages and Benefits	0	0	0	0	0
Interfund Loans Payable	0	17,397	0	0	0
Intergovernmental Payables	0	0	0	0	0
Deferred Revenue	0	0	0	0	290,409
Total Liabilities	10,196	17,397	2,013	0	439,785
Fund Equity:					
Reserved for Encumbrances	37,217	585	2,981	0	39,293
Reserved for Supplies Inventory	0	0	0	0	0
Reserved for Prepaid Items	0	0	0	0	0
Reserved for Loans Receivable	0	0	0	0	0
Unreserved	171,573	(17,982)	172,660	50,000	327,585
Total Fund Equity	208,790	(17,397)	175,641	50,000	366,878
Total Liabilities and Fund Equity	\$218,986	\$0	\$177,654	\$50,000	\$806,663

THE CITY OF NEWARK, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2002

Probation Grant	Impound	Federal Transit Administration	Litter Grant	Totals
\$13,230	\$38,895	\$0	\$51,235	\$1,284,114
0	0	0	0	572,121
0	0	0	0	2,578,944
0	0	0	0	89,046
0	0	0	0	3,253,147
0	0	0	0	3,298
11,564	0	99,138	0	2,097,444
0	0	0	0	276,552
0	282	129	0	8,111
0	0	0	0	290,409
<u>\$24,794</u>	<u>\$39,177</u>	<u>\$99,267</u>	<u>\$51,235</u>	<u>\$10,453,186</u>
\$1,305	\$5,838	\$22,464	\$9,306	\$344,353
5,764	0	3,013	4,076	253,077
7,544	0	68,444	0	93,385
0	0	0	0	851
11,564	0	69,900	0	6,400,524
<u>26,177</u>	<u>5,838</u>	<u>163,821</u>	<u>13,382</u>	<u>7,092,190</u>
1,342	8,551	16,719	5,124	612,647
0	0	0	0	276,552
0	282	129	0	8,111
0	0	0	0	3,253,147
(2,725)	24,506	(81,402)	32,729	(789,461)
<u>(1,383)</u>	<u>33,339</u>	<u>(64,554)</u>	<u>37,853</u>	<u>3,360,996</u>
<u>\$24,794</u>	<u>\$39,177</u>	<u>\$99,267</u>	<u>\$51,235</u>	<u>\$10,453,186</u>

THE CITY OF NEWARK, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Street Department	Cemetery	Parks and Recreation	Traffic Control	Compost Facility
Revenues:					
Taxes	\$0	\$2,470	\$2,242	\$0	\$0
Intergovernmental Revenues	1,317,351	0	0	0	0
Charges for Services	0	121,700	200,560	45,638	14,975
Licenses, Permits and Fees	0	0	161,154	0	0
Investment Earnings	0	23,592	0	0	0
Fines and Forfeitures	0	0	0	0	0
All Other Revenues	2,334	17,195	1,046	10,121	0
Total Revenues	1,319,685	164,957	365,002	55,759	14,975
Expenditures:					
Current:					
Security of Persons and Property	0	0	0	725,962	0
Public Health and Welfare Services	0	486,277	0	0	0
Leisure Time Activities	0	0	857,314	0	0
Community Environment	0	0	0	0	17,999
Transportation	1,606,742	0	0	0	0
General Government	0	0	0	0	0
Total Expenditures	1,606,742	486,277	857,314	725,962	17,999
Excess (Deficiency) of Revenues Over (Under) Expenditures	(287,057)	(321,320)	(492,312)	(670,203)	(3,024)
Other Financing Sources (Uses):					
Proceeds from Sale of Fixed Assets	0	0	0	0	0
Operating Transfers In	602,571	296,541	453,639	676,754	8,000
Operating Transfers Out	(342,334)	0	0	0	0
Total Other Financing Sources (Uses)	260,237	296,541	453,639	676,754	8,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(26,820)	(24,779)	(38,673)	6,551	4,976
Fund Balance (Deficit) at Beginning of Year	325,124	28,155	80,819	94,596	738
Increase in Inventory Reserve	1,191	0	0	29,127	0
Fund Balance (Deficit) at End of Year	\$299,495	\$3,376	\$42,146	\$130,274	\$5,714

THE CITY OF NEWARK, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

Income Tax	Community Development	Police Grant	Police / Fire Pension	Cemetery Rental	State Highway
\$16,691,920	\$0	\$0	\$374,028	\$0	\$0
0	1,038,084	63,916	26,242	0	117,179
0	0	0	0	9,600	0
0	0	0	0	0	0
0	4,029	671	0	0	0
0	0	0	0	0	0
460	149,637	160	0	0	0
<u>16,692,380</u>	<u>1,191,750</u>	<u>64,747</u>	<u>400,270</u>	<u>9,600</u>	<u>117,179</u>
0	0	111,831	0	0	0
0	0	0	0	1,770	0
0	0	0	0	0	0
0	1,353,920	0	0	0	0
0	0	0	0	0	0
623,238	0	0	0	0	0
<u>623,238</u>	<u>1,353,920</u>	<u>111,831</u>	<u>0</u>	<u>1,770</u>	<u>0</u>
16,069,142	(162,170)	(47,084)	400,270	7,830	117,179
0	0	0	0	0	0
0	0	10,123	0	0	0
<u>(15,589,580)</u>	<u>(4,802)</u>	<u>0</u>	<u>(426,892)</u>	<u>(5,000)</u>	<u>(100,523)</u>
<u>(15,589,580)</u>	<u>(4,802)</u>	<u>10,123</u>	<u>(426,892)</u>	<u>(5,000)</u>	<u>(100,523)</u>
479,562	(166,972)	(36,961)	(26,622)	2,830	16,656
1,205,449	495,966	65,753	29,681	9,629	15,853
0	0	0	0	0	0
<u>\$1,685,011</u>	<u>\$328,994</u>	<u>\$28,792</u>	<u>\$3,059</u>	<u>\$12,459</u>	<u>\$32,509</u>

(Continued)

THE CITY OF NEWARK, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Law Enforcement	Traffic Safety	Court Computerization	Broadcast	Permissive License Tax
Revenues:					
Taxes	\$0	\$0	\$0	\$0	\$0
Intergovernmental Revenues	28,965	37,365	0	0	460,000
Charges for Services	0	0	0	0	0
Licenses, Permits and Fees	0	0	0	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	22,853	0	51,848	0	0
All Other Revenues	156,500	0	0	0	0
Total Revenues	<u>208,318</u>	<u>37,365</u>	<u>51,848</u>	<u>0</u>	<u>460,000</u>
Expenditures:					
Current:					
Security of Persons and Property	66,533	38,564	0	0	0
Public Health and Welfare Services	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Environment	0	0	0	0	0
Transportation	0	0	0	0	166,908
General Government	0	0	19,869	0	0
Total Expenditures	<u>66,533</u>	<u>38,564</u>	<u>19,869</u>	<u>0</u>	<u>166,908</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	141,785	(1,199)	31,979	0	293,092
Other Financing Sources (Uses):					
Proceeds from Sale of Fixed Assets	0	0	0	0	0
Operating Transfers In	0	0	0	0	0
Operating Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	141,785	(1,199)	31,979	0	293,092
Fund Balance (Deficit) at Beginning of Year	67,005	(16,198)	143,662	50,000	73,786
Increase in Inventory Reserve	0	0	0	0	0
Fund Balance (Deficit) at End of Year	<u>\$208,790</u>	<u>(\$17,397)</u>	<u>\$175,641</u>	<u>\$50,000</u>	<u>\$366,878</u>

THE CITY OF NEWARK, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

Probation Grant	Impound	VOCA Grant	Federal Transit Administration	Litter Grant	Totals
\$0	\$0	\$0	\$0	\$0	\$17,070,660
78,776	0	0	781,769	163,352	4,112,999
0	79,107	0	364,510	0	836,090
0	0	0	0	0	161,154
0	0	0	0	0	28,292
0	0	0	0	0	74,701
0	0	0	94	21,842	359,389
<u>78,776</u>	<u>79,107</u>	<u>0</u>	<u>1,146,373</u>	<u>185,194</u>	<u>22,643,285</u>
88,160	90,561	0	0	0	1,121,611
0	0	0	0	0	488,047
0	0	0	0	0	857,314
0	0	0	0	181,250	1,553,169
0	0	0	1,274,324	0	3,047,974
0	0	1	0	0	643,108
<u>88,160</u>	<u>90,561</u>	<u>1</u>	<u>1,274,324</u>	<u>181,250</u>	<u>7,711,223</u>
(9,384)	(11,454)	(1)	(127,951)	3,944	14,932,062
0	37,610	0	0	0	37,610
0	0	0	0	2,205	2,049,833
0	(20,000)	(1,076)	0	0	(16,490,207)
<u>0</u>	<u>17,610</u>	<u>(1,076)</u>	<u>0</u>	<u>2,205</u>	<u>(14,402,764)</u>
(9,384)	6,156	(1,077)	(127,951)	6,149	529,298
8,001	27,183	1,077	63,397	31,704	2,801,380
0	0	0	0	0	30,318
<u>(\$1,383)</u>	<u>\$33,339</u>	<u>\$0</u>	<u>(\$64,554)</u>	<u>\$37,853</u>	<u>\$3,360,996</u>

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

STREET DEPARTMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$1,330,060	\$1,315,661	(14,399)
All Other Revenues	1,500	2,334	834
Total Revenues	<u>1,331,560</u>	<u>1,317,995</u>	<u>(13,565)</u>
<u>Expenditures:</u>			
Transportation:			
Personal Services	1,311,234	1,299,237	11,997
Contractual Services	177,394	125,292	52,102
Materials and Supplies	343,114	251,000	92,114
Other Expenditures	<u>1,500</u>	<u>0</u>	<u>1,500</u>
Total Expenditures	<u>1,833,242</u>	<u>1,675,529</u>	<u>157,713</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(501,682)	(357,534)	144,148
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	755,131	602,571	(152,560)
Operating Transfers Out	<u>(350,746)</u>	<u>(342,334)</u>	<u>8,412</u>
Total Other Financing Sources (Uses)	<u>404,385</u>	<u>260,237</u>	<u>(144,148)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(97,297)	(97,297)	0
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances	<u>97,297</u>	<u>97,297</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

CEMETERY FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$5,000	\$2,470	(\$2,530)
Charges for Services	157,700	122,942	(34,758)
Investment Earnings	29,000	23,674	(5,326)
All Other Revenues	17,500	17,195	(305)
Total Revenues	209,200	166,281	(42,919)
<u>Expenditures:</u>			
Public Health and Welfare Services:			
Personal Services	361,544	341,282	20,262
Contractual Services	96,147	85,604	10,543
Materials and Supplies	96,303	88,096	8,207
Other Expenditures	8,675	5,749	2,926
Total Expenditures	562,669	520,731	41,938
Excess (Deficiency) of Revenues Over (Under) Expenditures	(353,469)	(354,450)	(981)
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	296,560	296,541	(19)
Total Other Financing Sources (Uses)	296,560	296,541	(19)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(56,909)	(57,909)	(1,000)
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances	57,909	57,909	0
Fund Balance at End of Year	\$1,000	\$0	(\$1,000)

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

PARKS AND RECREATION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$2,500	\$2,231	(\$269)
Charges for Services	154,500	200,895	46,395
Licenses, Permits and Fees	150,000	161,145	11,145
All Other Revenues	9,900	1,245	(8,655)
Total Revenues	316,900	365,516	48,616
<u>Expenditures:</u>			
Leisure Time Activities:			
Parks and Recreation:			
Personal Services	563,749	524,146	39,603
Contractual Services	109,179	86,363	22,816
Materials and Supplies	67,593	56,643	10,950
Other Expenditures	71	71	0
Total Parks and Recreation	740,592	667,223	73,369
Pools and Concessions:			
Contractual Services	81,122	78,818	2,304
Materials and Supplies	27,910	27,052	858
Other Expenditures	1,410	1,278	132
Total Pools and Concessions	110,442	107,148	3,294
Summer Recreation Program:			
Contractual Services	24,969	21,658	3,311
Materials and Supplies	3,670	2,498	1,172
Other Expenditures	41	0	41
Total Summer Recreation Program	28,680	24,156	4,524
Youth Services:			
Contractual Services	3,324	2,891	433
Materials and Supplies	49	25	24
Total Youth Services	3,373	2,916	457

(Continued)

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

PARKS AND RECREATION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Ice Skating Rink/Concession Trailer:			
Contractual Services	187,686	130,189	57,497
Materials and Supplies	50,721	32,038	18,683
Other Expenditures	2,166	1,294	872
Total Ice Skating Rink/Concession Trailer	240,573	163,521	77,052
Total Expenditures	1,123,660	964,964	158,696
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (806,760)	 (599,448)	 207,312
 <u>Other Financing Sources (Uses):</u>			
Operating Transfers In	671,180	453,639	(217,541)
Total Other Financing Sources (Uses)	671,180	453,639	(217,541)
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 (135,580)	 (145,809)	 (10,229)
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances	145,809	145,809	0
Fund Balance at End of Year	\$10,229	\$0	(\$10,229)

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

TRAFFIC CONTROL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$45,000	\$45,163	\$163
All Other Revenues	0	11,659	11,659
Total Revenues	45,000	56,822	11,822
<u>Expenditures:</u>			
Security of Persons and Property:			
Parking:			
Personal Services	55,023	49,146	5,877
Contractual Services	2,107	1,609	498
Materials and Supplies	3,145	2,637	508
Total Parking	60,275	53,392	6,883
Traffic Sign:			
Personal Services	227,586	204,766	22,820
Contractual Services	53,254	51,226	2,028
Materials and Supplies	110,608	105,518	5,090
Total Traffic Sign	391,448	361,510	29,938
Lights:			
Personal Services	233,071	227,682	5,389
Contractual Services	64,354	59,506	4,848
Materials and Supplies	70,230	69,633	597
Total Lights	367,655	356,821	10,834
Total Expenditures	819,378	771,723	47,655
Excess (Deficiency) of Revenues Over (Under) Expenditures	(774,378)	(714,901)	59,477
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	736,241	676,754	(59,487)
Total Other Financing Sources (Uses)	736,241	676,754	(59,487)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(38,137)	(38,147)	(10)
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances	38,147	38,147	0
Fund Balance at End of Year	\$10	\$0	(\$10)

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

COMPOST FACILITY FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$15,000	\$14,975	(\$25)
Total Revenues	15,000	14,975	(25)
<u>Expenditures:</u>			
Community Environment:			
Personal Services	12,871	8,739	4,132
Contractual Services	10,384	9,648	736
Materials and Supplies	575	208	367
Total Expenditures	23,830	18,595	5,235
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,830)	(3,620)	5,210
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	8,441	8,000	(441)
Total Other Financing Sources (Uses)	8,441	8,000	(441)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(389)	4,380	4,769
Fund Balance at Beginning of Year	1,189	1,189	0
Prior Year Encumbrances	389	389	0
Fund Balance at End of Year	\$1,189	\$5,958	\$4,769

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

INCOME TAX FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$16,303,789	\$16,203,221	(\$100,568)
All Other Revenues	0	460	460
Total Revenues	<u>16,303,789</u>	<u>16,203,681</u>	<u>(100,108)</u>
<u>Expenditures:</u>			
General Government:			
Personal Services	553,350	514,603	38,747
Contractual Services	148,879	112,955	35,924
Materials and Supplies	23,185	9,712	13,473
Capital Outlay	<u>24,050</u>	<u>19,109</u>	<u>4,941</u>
Total Expenditures	<u>749,464</u>	<u>656,379</u>	<u>93,085</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,554,325	15,547,302	(7,023)
<u>Other Financing Sources (Uses):</u>			
Operating Transfers Out	<u>(15,589,580)</u>	<u>(15,589,580)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(15,589,580)</u>	<u>(15,589,580)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(35,255)	(42,278)	(7,023)
Fund Balance at Beginning of Year	40,584	40,584	0
Prior Year Encumbrances	<u>35,415</u>	<u>35,415</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$40,744</u></u>	<u><u>\$33,721</u></u>	<u><u>(\$7,023)</u></u>

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

COMMUNITY DEVELOPMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$3,702,244	\$1,097,755	(\$2,604,489)
Investment Earnings	0	4,180	\$4,180
All Other Revenues	225,000	149,637	(75,363)
Total Revenues	3,927,244	1,251,572	(2,675,672)
<u>Expenditures:</u>			
Community Environment:			
Personal Services	382,979	374,068	8,911
Contractual Services	1,866,052	1,025,686	840,366
Materials and Supplies	39,159	21,364	17,795
Other Expenditures	350,055	259,628	90,427
Capital Outlay	5,971	3,806	2,165
Total Expenditures	2,644,216	1,684,552	959,664
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,283,028	(432,980)	(1,716,008)
<u>Other Financing Sources (Uses):</u>			
Operating Transfers Out	(4,807)	(4,802)	5
Total Other Financing Sources (Uses)	(4,807)	(4,802)	5
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,278,221	(437,782)	(1,716,003)
Fund Balance at Beginning of Year	289,151	289,151	0
Prior Year Encumbrances	194,368	194,368	0
Fund Balance at End of Year	\$1,761,740	\$45,737	(\$1,716,003)

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

POLICE GRANT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$344,664	\$84,571	(\$260,093)
Investment Earnings	0	742	742
All Other Revenues	0	160	160
Total Revenues	344,664	85,473	(259,191)
<u>Expenditures:</u>			
Security of Persons and Property:			
Personal Services	111,773	84,294	27,479
Contractual Services	74,197	20,027	54,170
Materials and Supplies	9,235	6,363	2,872
Other Expenditures	21,008	0	21,008
Capital Outlay	173,289	8,919	164,370
Total Expenditures	389,502	119,603	269,899
Excess (Deficiency) of Revenues Over (Under) Expenditures	(44,838)	(34,130)	10,708
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	0	10,123	10,123
Total Other Financing Sources (Uses)	0	10,123	10,123
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(44,838)	(24,007)	20,831
Fund Balance at Beginning of Year	50,931	50,931	0
Prior Year Encumbrances	3,360	3,360	0
Fund Balance at End of Year	\$9,453	\$30,284	\$20,831

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

POLICE / FIRE PENSION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$397,352	\$374,028	(\$23,324)
Intergovernmental Revenues	0	26,242	26,242
Total Revenues	397,352	400,270	2,918
<u>Expenditures:</u>			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	397,352	400,270	2,918
<u>Other Financing Sources (Uses):</u>			
Operating Transfers Out	(426,893)	(426,892)	1
Total Other Financing Sources (Uses)	(426,893)	(426,892)	1
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(29,541)	(26,622)	2,919
Fund Balance at Beginning of Year	29,681	29,681	0
Fund Balance at End of Year	\$140	\$3,059	\$2,919

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

CEMETERY RENTAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$9,900	\$9,600	(\$300)
Total Revenues	9,900	9,600	(300)
<u>Expenditures:</u>			
Public Health and Welfare Services:			
Contractual Services	5,100	2,188	2,912
Materials and Supplies	700	200	500
Total Expenditures	5,800	2,388	3,412
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,100	7,212	3,112
<u>Other Financing Sources (Uses):</u>			
Operating Transfers Out	(5,000)	(5,000)	0
Total Other Financing Sources (Uses)	(5,000)	(5,000)	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(900)	2,212	3,112
Fund Balance at Beginning of Year	9,498	9,498	0
Prior Year Encumbrances	900	900	0
Fund Balance at End of Year	\$9,498	\$12,610	\$3,112

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

STATE HIGHWAY FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$105,000	\$117,042	\$12,042
Total Revenues	105,000	117,042	12,042
<u>Expenditures:</u>			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	105,000	117,042	12,042
<u>Other Financing Sources (Uses):</u>			
Operating Transfers Out	(104,000)	(100,523)	3,477
Total Other Financing Sources (Uses)	(104,000)	(100,523)	3,477
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,000	16,519	15,519
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$1,000	\$16,519	\$15,519

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

LAW ENFORCEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$42,000	\$28,965	(\$13,035)
Fines and Forfeitures	19,600	24,267	4,667
All Other Revenues	156,000	156,500	500
Total Revenues	<u>217,600</u>	<u>209,732</u>	<u>(7,868)</u>
<u>Expenditures:</u>			
Security of Persons and Property:			
Contractual Services	124,459	93,193	31,266
Materials and Supplies	6,600	6,425	175
Total Expenditures	<u>131,059</u>	<u>99,618</u>	<u>31,441</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	86,541	110,114	23,573
Fund Balance at Beginning of Year	33,366	33,366	0
Prior Year Encumbrances	36,093	36,093	0
Fund Balance at End of Year	<u>\$156,000</u>	<u>\$179,573</u>	<u>\$23,573</u>

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

TRAFFIC SAFETY FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$99,576	\$51,255	(\$48,321)
Total Revenues	99,576	51,255	(48,321)
<u>Expenditures:</u>			
Security of Persons and Property:			
Personal Services	63,200	40,182	23,018
Materials and Supplies	2,706	585	2,121
Capital Outlay	3,700	2,500	1,200
Total Expenditures	69,606	43,267	26,339
Excess (Deficiency) of Revenues Over (Under) Expenditures	29,970	7,988	(21,982)
<u>Other Financing Sources (Uses):</u>			
Advances In	17,397	17,397	0
Advances Out	(25,970)	(25,970)	0
Total Other Financing Sources (Uses)	(8,573)	(8,573)	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	21,397	(585)	(21,982)
Fund Balance (Deficit) at Beginning of Year	(1,406)	(1,406)	0
Prior Year Encumbrances	1,406	1,406	0
Fund Balance (Deficit) at End of Year	\$21,397	(\$585)	(\$21,982)

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

COURT COMPUTERIZATION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$75,000	\$72,774	(\$2,226)
Total Revenues	<u>75,000</u>	<u>72,774</u>	<u>(2,226)</u>
<u>Expenditures:</u>			
General Government:			
Contractual Services	45,725	16,569	29,156
Materials and Supplies	5,161	3,615	1,546
Capital Outlay	<u>44,577</u>	<u>4,429</u>	<u>40,148</u>
Total Expenditures	<u>95,463</u>	<u>24,613</u>	<u>70,850</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,463)	48,161	68,624
Fund Balance at Beginning of Year	120,036	120,036	0
Prior Year Encumbrances	<u>4,463</u>	<u>4,463</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$104,036</u></u>	<u><u>\$172,660</u></u>	<u><u>\$68,624</u></u>

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

BROADCAST FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
General Government:			
Contractual Services	50,000	0	50,000
Total Expenditures	50,000	0	50,000
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(50,000)	0	50,000
Fund Balance at Beginning of Year	50,000	50,000	0
Fund Balance at End of Year	\$0	\$50,000	\$50,000

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

PERMISSIVE LICENSE TAX FUND

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$468,395	\$460,000	(\$8,395)
Total Revenues	<u>468,395</u>	<u>460,000</u>	<u>(8,395)</u>
<u>Expenditures:</u>			
<u>Transportation:</u>			
Contractual Services	729,864	402,279	327,585
Total Expenditures	<u>729,864</u>	<u>402,279</u>	<u>327,585</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(261,469)	57,721	319,190
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances	<u>269,864</u>	<u>269,864</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$8,395</u></u>	<u><u>\$327,585</u></u>	<u><u>\$319,190</u></u>

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

PROBATION GRANT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenue	\$120,255	\$78,776	(\$41,479)
Total Revenues	120,255	78,776	(41,479)
<u>Expenditures:</u>			
Security of Persons and Property:			
Personal Services	99,259	67,952	31,307
Contractual Services	8,000	6,213	1,787
Materials and Supplies	10,175	8,847	1,328
Capital Outlay	4,188	3,881	307
Total Expenditures	121,622	86,893	34,729
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,367)	(8,117)	(6,750)
<u>Other Financing Sources (Uses):</u>			
Advances In	0	7,544	7,544
Total Other Financing Sources (Uses)	0	7,544	7,544
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,367)	(573)	794
Fund Balance at Beginning of Year	9,840	9,840	0
Prior Year Encumbrances	1,317	1,317	0
Fund Balance at End of Year	\$9,790	\$10,584	\$794

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

IMPOUND FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$80,000	\$79,107	(\$893)
Total Revenues	<u>80,000</u>	<u>79,107</u>	<u>(893)</u>
<u>Expenditures:</u>			
Security of Persons and Property:			
Personal Services	22,744	22,630	114
Contractual Services	85,150	84,746	404
Materials and Supplies	3,320	1,650	1,670
Other Expenditures	<u>2,037</u>	<u>2,037</u>	<u>0</u>
Total Expenditures	<u>113,251</u>	<u>111,063</u>	<u>2,188</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(33,251)	(31,956)	1,295
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	35,000	37,610	2,610
Operating Transfers Out	<u>(20,000)</u>	<u>(20,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>17,610</u>	<u>2,610</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(18,251)	(14,346)	3,905
Fund Balance at Beginning of Year	30,536	30,536	0
Prior Year Encumbrances	<u>8,606</u>	<u>8,606</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$20,891</u></u>	<u><u>\$24,796</u></u>	<u><u>\$3,905</u></u>

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

VOCA GRANT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$1,077	\$0	(\$1,077)
Total Revenues	1,077	0	(1,077)
<u>Expenditures:</u>			
General Government:			
Contractual Services	1,014	0	1,014
Materials and Supplies	500	500	0
Other Expenditures	63	0	63
Total Expenditures	1,577	500	1,077
Excess (Deficiency) of Revenues Over (Under) Expenditures	(500)	(500)	0
<u>Other Financing Sources (Uses):</u>			
Operating Transfers Out	(1,076)	(1,076)	0
Total Other Financing Sources (Uses)	(1,076)	(1,076)	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,576)	(1,576)	0
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances	1,576	1,576	0
Fund Balance at End of Year	\$0	\$0	\$0

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

FEDERAL TRANSIT ADMINISTRATION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$1,035,997	\$810,997	(\$225,000)
Charges For Services	407,675	367,932	(39,743)
All Other Revenue	37,546	94	(37,452)
Total Revenues	1,481,218	1,179,023	(302,195)
<u>Expenditures:</u>			
Transportation:			
Personal Services	70,536	64,172	6,364
Contractual Services	1,324,154	1,193,732	130,422
Materials and Supplies	22,720	21,126	1,594
Other Expenditures	355	348	7
Capital Outlay	102,480	39,406	63,074
Total Expenditures	1,520,245	1,318,784	201,461
Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,027)	(139,761)	(100,734)
<u>Other Financing Sources (Uses):</u>			
Advances In	0	68,444	68,444
Operating Transfers Out	(80)	0	80
Total Other Financing Sources (Uses)	(80)	68,444	68,524
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(39,107)	(71,317)	(32,210)
Fund Deficit at Beginning of Year	(27,374)	(27,374)	0
Prior Year Encumbrances	66,481	66,481	0
Fund Balance (Deficit) at End of Year	\$0	(\$32,210)	(\$32,210)

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

LITTER GRANT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$161,452	\$163,352	\$1,900
All Other Revenue	17,415	21,842	4,427
Total Revenues	178,867	185,194	6,327
<u>Expenditures:</u>			
Community Environment			
Personal Services	100,905	99,888	1,017
Contractual Services	52,838	94,549	(41,711)
Materials and Supplies	51,857	0	51,857
Other Expenditures	242	50	192
Capital Outlay	525	0	525
Total Expenditures	206,367	194,487	11,880
Excess (Deficiency) of Revenues Over (Under) Expenditures	(27,500)	(9,293)	18,207
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	0	2,205	2,205
Total Other Financing Sources (Uses)	0	2,205	2,205
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(27,500)	(7,088)	20,412
Fund Balance at Beginning of Year	36,151	36,151	0
Prior Year Encumbrances	8,202	8,202	0
Fund Balance at End of Year	\$16,853	\$37,265	\$20,412



CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

North Fork Flood Control Fund

To account for the financial resources used for the construction of the North Fork Flood Control project. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Cedar Hill Expansion Fund

To account for the financial resources used for the development and expansion of the Cedar Hill Cemetery. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

City Hall Upgrade Fund

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

Deo Drive Improvement Fund

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

Capital Improvement Fund

To account for the financial resources used for the major capital projects undertaken by the City.

Bikeway Upgrade Fund

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

East Main Street Bridge Replacement Fund

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

Court Capital Improvement Fund

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

Tax Increment Financing (TIF) Fund

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

THE CITY OF NEWARK, OHIO
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
DECEMBER 31, 2002

	<u>City Hall Upgrade</u>	<u>Deo Drive Improvement</u>	<u>Capital Improvement</u>	<u>Bikeway Upgrade</u>
<u>Assets:</u>				
Cash and Cash Equivalents	\$3,800	\$23,470	\$1,751,370	\$0
Investments	0	0	8,263,323	0
Receivables (net of allowances for doubtful accounts):				
Interest	0	0	13,811	0
Intergovernmental Receivable	0	0	34,693	0
Total Assets	<u>\$3,800</u>	<u>\$23,470</u>	<u>\$10,063,197</u>	<u>\$0</u>
<u>Liabilities and Fund Equity:</u>				
Liabilities:				
Accounts Payable	\$0	\$0	\$89,176	\$0
Interfund Loans Payable	0	0	0	726,615
Accrued Interest Payable	0	4,851	45,324	0
Deferred Revenue	0	0	34,693	0
General Obligation Notes Payable	0	550,000	9,880,000	0
Total Liabilities	<u>0</u>	<u>554,851</u>	<u>10,049,193</u>	<u>726,615</u>
Fund Equity:				
Reserved for Encumbrances	0	6,225	416,337	0
Unreserved	3,800	(537,606)	(402,333)	(726,615)
Total Fund Equity	<u>3,800</u>	<u>(531,381)</u>	<u>14,004</u>	<u>(726,615)</u>
Total Liabilities and Fund Equity	<u>\$3,800</u>	<u>\$23,470</u>	<u>\$10,063,197</u>	<u>\$0</u>

**THE CITY OF NEWARK, OHIO
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
DECEMBER 31, 2002**

<u>East Main Street Bridge Replacement</u>	<u>Court Capital Improvement</u>	<u>Tax Increment Financing</u>	<u>Totals</u>
\$27,649	\$122,917	\$123,613	\$2,052,819
0	0	0	8,263,323
0	0	0	13,811
0	0	0	34,693
<u>\$27,649</u>	<u>\$122,917</u>	<u>\$123,613</u>	<u>\$10,364,646</u>
\$750	\$0	\$5,719	\$95,645
0	0	0	726,615
2,907	0	0	53,082
0	0	0	34,693
<u>1,759,000</u>	<u>0</u>	<u>0</u>	<u>12,189,000</u>
<u>1,762,657</u>	<u>0</u>	<u>5,719</u>	<u>13,099,035</u>
0	0	26,293	448,855
<u>(1,735,008)</u>	<u>122,917</u>	<u>91,601</u>	<u>(3,183,244)</u>
<u>(1,735,008)</u>	<u>122,917</u>	<u>117,894</u>	<u>(2,734,389)</u>
<u>\$27,649</u>	<u>\$122,917</u>	<u>\$123,613</u>	<u>\$10,364,646</u>

THE CITY OF NEWARK, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	North Fork Flood Control	Cedar Hill Expansion	City Hall Upgrade	Deo Drive Improvement
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Intergovernmental Revenues	0	0	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	0	0	0	0
Total Revenues	0	0	0	0
Expenditures:				
Capital Outlay	0	0	0	157,107
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	771	421	0	14,197
Total Expenditures	771	421	0	171,304
Excess (Deficiency) of Revenues Over (Under) Expenditures	(771)	(421)	0	(171,304)
Other Financing Sources (Uses):				
Operating Transfers In	57,145	31,170	0	16,995
Operating Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	57,145	31,170	0	16,995
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	56,374	30,749	0	(154,309)
Fund Balance (Deficit) at Beginning of Year	(56,374)	(30,749)	3,800	(377,072)
Fund Balance (Deficit) at End of Year	\$0	\$0	\$3,800	(\$531,381)

THE CITY OF NEWARK, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

<u>Capital Improvement</u>	<u>Bikeway Upgrade</u>	<u>East Main Street Bridge Replacement</u>	<u>Court Capital Improvement</u>	<u>Tax Increment Financing</u>	<u>Totals</u>
\$0	\$0	\$0	\$0	\$396,527	\$396,527
75,644	933,561	0	0	0	1,009,205
40,861	0	0	0	0	40,861
0	0	0	41,631	0	41,631
<u>1,438</u>	<u>0</u>	<u>5,336</u>	<u>0</u>	<u>0</u>	<u>6,774</u>
117,943	933,561	5,336	41,631	396,527	1,494,998
<hr/>					
2,325,907	504,191	4,730	0	186,949	3,178,884
0	0	0	0	110,000	110,000
<u>51,019</u>	<u>0</u>	<u>48,592</u>	<u>0</u>	<u>155,428</u>	<u>270,428</u>
2,376,926	504,191	53,322	0	452,377	3,559,312
<hr/>					
(2,258,983)	429,370	(47,986)	41,631	(55,850)	(2,064,314)
1,675,114	0	56,450	0	0	1,836,874
<u>(461,760)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(461,760)</u>
1,213,354	0	56,450	0	0	1,375,114
<hr/>					
(1,045,629)	429,370	8,464	41,631	(55,850)	(689,200)
1,059,633	(1,155,985)	(1,743,472)	81,286	173,744	(2,045,189)
<u>\$14,004</u>	<u>(\$726,615)</u>	<u>(\$1,735,008)</u>	<u>\$122,917</u>	<u>\$117,894</u>	<u>(\$2,734,389)</u>

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

NORTH FORK FLOOD CONTROL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Debt Service:			
Principal Retirement	55,000	55,000	0
Interest and Fiscal Charges	2,145	2,145	0
Total Expenditures	57,145	57,145	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(57,145)	(57,145)	0
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	57,145	57,145	0
Total Other Financing Sources (Uses)	57,145	57,145	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$0	\$0

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

CEDAR HILL EXPANSION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<hr/>			
<u>Expenditures:</u>			
Debt Service:			
Principal Retirement	30,000	30,000	0
Interest and Fiscal Charges	1,170	1,170	0
Total Expenditures	31,170	31,170	0
<hr/>			
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,170)	(31,170)	0
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	31,170	31,170	0
Total Other Financing Sources (Uses)	31,170	31,170	0
<hr/>			
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$0	\$0

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

CITY HALL UPGRADE FUND

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

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

DEO DRIVE IMPROVEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Capital Outlay	303,124	300,062	3,062
Debt Service:			
Principal Retirement	550,000	550,000	0
Interest and Fiscal Charges	17,600	16,994	606
Total Expenditures	870,724	867,056	3,668
Excess (Deficiency) of Revenues Over (Under) Expenditures	(870,724)	(867,056)	0
<u>Other Financing Sources (Uses):</u>			
Proceeds from General Obligation Notes	1,100,000	550,000	(550,000)
Operating Transfers In	17,600	16,995	(605)
Total Other Financing Sources (Uses)	1,117,600	566,995	(550,605)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	246,876	(300,061)	(546,937)
Fund Balance at Beginning of Year	78,967	78,967	0
Prior Year Encumbrances	238,339	238,339	0
Fund Balance at End of Year	\$564,182	\$17,245	(\$546,937)

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

CAPITAL IMPROVEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$75,000	\$75,644	\$644
Investment Earnings	4,437	27,050	22,613
All Other Revenues	1,438	1,438	0
Total Revenues	<u>80,875</u>	<u>104,132</u>	<u>23,257</u>
<u>Expenditures:</u>			
Capital Outlay	12,007,629	2,887,650	9,119,979
Debt Service:			
Principal Retirement	410,000	410,000	0
Interest and Fiscal Charges	15,936	15,936	0
Total Expenditures	<u>12,433,565</u>	<u>3,313,586</u>	<u>9,119,979</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,352,690)	(3,209,454)	9,143,236
<u>Other Financing Sources (Uses):</u>			
Proceeds from General Obligation Notes	9,880,000	9,880,000	0
Operating Transfers In	1,675,114	1,675,114	0
Operating Transfers Out	(468,264)	(461,760)	6,504
Total Other Financing Sources (Uses)	<u>11,086,850</u>	<u>11,093,354</u>	<u>6,504</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,265,840)	7,883,900	9,149,740
Fund Balance at Beginning of Year	1,180,715	1,180,715	0
Prior Year Encumbrances	451,299	451,299	0
Fund Balance at End of Year	<u>\$366,174</u>	<u>\$9,515,914</u>	<u>\$9,149,740</u>

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

BIKEWAY UPGRADE FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$1,660,177	\$933,561	(\$726,616)
Total Revenues	1,660,177	933,561	(726,616)
<u>Expenditures:</u>			
Capital Outlay	504,192	504,191	1
Total Expenditures	504,192	504,191	1
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,155,985	429,370	(726,615)
<u>Other Financing Sources (Uses):</u>			
Advances In	0	726,615	726,615
Advances Out	(1,155,985)	(1,155,985)	0
Total Other Financing Sources (Uses)	(1,155,985)	(429,370)	726,615
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$0	\$0

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

EAST MAIN STREET BRIDGE REPLACEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
All Other Revenues	\$0	\$5,336	\$5,336
Total Revenues	0	5,336	5,336
<u>Expenditures:</u>			
Capital Outlay	9,200	5,242	3,958
Debt Service:			
Principal Retirement	3,518,000	3,518,000	0
Interest and Fiscal Charges	83,064	79,546	3,518
Total Expenditures	3,610,264	3,602,788	7,476
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,610,264)	(3,597,452)	12,812
<u>Other Financing Sources (Uses):</u>			
Proceeds from General Obligation Notes	3,580,499	3,518,000	(62,499)
Operating Transfers In	0	56,450	56,450
Total Other Financing Sources (Uses)	3,580,499	3,574,450	(6,049)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(29,765)	(23,002)	6,763
Fund Balance at Beginning of Year	49,901	49,901	0
Fund Balance at End of Year	\$20,136	\$26,899	\$6,763

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

COURT CAPITAL IMPROVEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$50,000	\$44,328	(\$5,672)
Total Revenues	50,000	44,328	(5,672)
<u>Expenditures:</u>			
Total Expenditures	0	0	0
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	50,000	44,328	(5,672)
Fund Balance at Beginning of Year	78,589	78,589	0
Fund Balance at End of Year	\$128,589	\$122,917	(\$5,672)

THE CITY OF NEWARK, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

TAX INCREMENT FINANCING FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$350,000	\$396,527	\$46,527
Total Revenues	<u>350,000</u>	<u>396,527</u>	<u>46,527</u>
<u>Expenditures:</u>			
Capital Outlay	168,842	213,242	(44,400)
Debt Service:			
Principal Retirement	110,000	110,000	0
Interest and Fiscal Charges	<u>155,428</u>	<u>155,428</u>	<u>0</u>
Total Expenditures	<u>434,270</u>	<u>478,670</u>	<u>(44,400)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(84,270)	(82,143)	2,127
Fund Balance at Beginning of Year	172,902	172,902	0
Prior Year Encumbrances	<u>842</u>	<u>842</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$89,474</u></u>	<u><u>\$91,601</u></u>	<u><u>\$2,127</u></u>

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, whereby the intent of the City is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City has decided that periodic determination of net income is appropriate for accountability purposes.

Water Fund

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

Sewer Fund

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

THE CITY OF NEWARK, OHIO
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
DECEMBER 31, 2002

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
<u>Assets:</u>			
Cash and Cash Equivalents	\$5,591,432	\$3,227,056	\$8,818,488
Receivables (net of allowances for doubtful accounts):			
Accounts	589,363	589,363	1,178,726
Interest	552	429	981
Inventory of Supplies at Cost	257,771	217,132	474,903
Prepaid Items	10,846	9,819	20,665
Restricted Assets:			
Cash with Fiscal Agent	352	14,380	14,732
Deferred Charge	131,168	0	131,168
Property, Plant and Equipment	30,982,070	36,663,020	67,645,090
Less Accumulated Depreciation	(11,282,252)	(20,532,489)	(31,814,741)
Net Fixed Assets	<u>19,699,818</u>	<u>16,130,531</u>	<u>35,830,349</u>
Construction in Progress	1,950	0	1,950
Total Assets	<u><u>\$26,283,252</u></u>	<u><u>\$20,188,710</u></u>	<u><u>\$46,471,962</u></u>
<u>Liabilities and Fund Equity:</u>			
Liabilities:			
Accounts Payable	\$174,293	\$114,988	\$289,281
Accrued Wages and Benefits	151,486	93,391	244,877
Matured Bonds and Interest Payable	352	14,380	14,732
Accrued Interest Payable	23,019	302,860	325,879
Compensated Absences Payable	412,773	242,816	655,589
General Obligation Bonds Payable	12,705,888	0	12,705,888
Ohio Water Development Authority Loan Payable	<u>0</u>	<u>7,675,584</u>	<u>7,675,584</u>
Total Liabilities	<u>13,467,811</u>	<u>8,444,019</u>	<u>21,911,830</u>
Fund Equity:			
Contributed Capital	1,965,544	15,749,545	17,715,089
Retained Earnings/(Accumulated Deficit):			
Unreserved	<u>10,849,897</u>	<u>(4,004,854)</u>	<u>6,845,043</u>
Total Fund Equity	<u>12,815,441</u>	<u>11,744,691</u>	<u>24,560,132</u>
Total Liabilities and Fund Equity	<u><u>\$26,283,252</u></u>	<u><u>\$20,188,710</u></u>	<u><u>\$46,471,962</u></u>

THE CITY OF NEWARK, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
<u>Operating Revenues:</u>			
Charges for Services	\$5,573,667	\$5,264,726	\$10,838,393
Other Operating Revenues	393	170	563
Total Operating Revenues	<u>5,574,060</u>	<u>5,264,896</u>	<u>10,838,956</u>
<u>Operating Expenses:</u>			
Personal Services	2,492,484	1,462,830	3,955,314
Materials and Supplies	545,925	318,912	864,837
Contractual Services	667,686	1,141,539	1,809,225
Depreciation	944,000	798,410	1,742,410
Total Operating Expenses	<u>4,650,095</u>	<u>3,721,691</u>	<u>8,371,786</u>
Operating Income	923,965	1,543,205	2,467,170
<u>Nonoperating Revenues (Expenses):</u>			
Investment Earnings	20,407	6,220	26,627
Interest and Fiscal Charges	(428,399)	(607,879)	(1,036,278)
Miscellaneous Nonoperating Expense	(19,190)	0	(19,190)
Loss on Disposal of Fixed Asset	(14,256)	(589,689)	(603,945)
Total Nonoperating Revenues (Expenses)	<u>(441,438)</u>	<u>(1,191,348)</u>	<u>(1,632,786)</u>
Income Before Operating Transfers	482,527	351,857	834,384
<u>Operating Transfers:</u>			
Operating Transfers In	707,816	0	707,816
Operating Transfers Out	(117,025)	(824,841)	(941,866)
Total Operating Transfers	<u>590,791</u>	<u>(824,841)</u>	<u>(234,050)</u>
Net Income (Loss)	1,073,318	(472,984)	600,334
Retained Earnings/Accumulated Deficit at Beginning of Year	9,776,579	(3,531,870)	6,244,709
Retained Earnings/Accumulated Deficit at End of Year	<u>\$10,849,897</u>	<u>(\$4,004,854)</u>	<u>\$6,845,043</u>

THE CITY OF NEWARK, OHIO
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Water	Sewer	Totals
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$5,515,692	\$5,206,528	\$10,722,220
Cash Payments for Goods and Services	(1,322,847)	(1,549,678)	(2,872,525)
Cash Payments to Employees	(2,492,529)	(1,434,965)	(3,927,494)
Net Cash Provided by Operating Activities	<u>1,700,316</u>	<u>2,221,885</u>	<u>3,922,201</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	707,816	0	707,816
Transfers Out to Other Funds	(117,025)	(824,841)	(941,866)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>590,791</u>	<u>(824,841)</u>	<u>(234,050)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(877,555)	(226,467)	(1,104,022)
Principal Paid on General Obligation Bonds	(1,675,000)	0	(1,675,000)
Principal Paid on Ohio Water Development Authority Loan	0	(467,406)	(467,406)
Interest Paid on All Debt	(361,795)	(625,098)	(986,893)
Net Cash Used for Capital and Related Financing Activities	<u>(2,914,350)</u>	<u>(1,318,971)</u>	<u>(4,233,321)</u>
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	20,724	5,956	26,680
Net Cash Provided by Investing Activities	<u>20,724</u>	<u>5,956</u>	<u>26,680</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(602,519)	84,029	(518,490)
Cash and Cash Equivalents at Beginning of Year	6,194,303	3,157,407	9,351,710
Cash and Cash Equivalents at End of Year	<u>\$5,591,784</u>	<u>\$3,241,436</u>	<u>\$8,833,220</u>
<u>Reconciliation of Cash and</u>			
<u>Cash Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$5,591,432	\$3,227,056	\$8,818,488
Restricted Cash with Fiscal Agent	352	14,380	14,732
Cash and Cash Equivalents at End of Year	<u>\$5,591,784</u>	<u>\$3,241,436</u>	<u>\$8,833,220</u>

THE CITY OF NEWARK, OHIO
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
<u>Reconciliation of Operating Income to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income	\$923,965	\$1,543,205	\$2,467,170
Adjustments to Reconcile Operating Income to			
Net Cash Provided by Operating Activities:			
Depreciation Expense	944,000	798,410	1,742,410
Miscellaneous Nonoperating Expense	(19,190)	0	(19,190)
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(58,368)	(58,368)	(116,736)
Increase in Inventory	(62,696)	(41,082)	(103,778)
Increase in Prepaid Items	(3,589)	(3,256)	(6,845)
Decrease in Accounts Payable	(12,455)	(44,889)	(57,344)
Decrease in Accrued Wages and Benefits	(27,740)	(5,314)	(33,054)
Decrease in Intergovernmental Payables	(11,306)	0	(11,306)
Increase in Compensated Absences	27,695	33,179	60,874
Total Adjustments	<u>776,351</u>	<u>678,680</u>	<u>1,455,031</u>
Net Cash Provided by Operating Activities	<u>\$1,700,316</u>	<u>\$2,221,885</u>	<u>\$3,922,201</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2002, the Water and Sewer Funds had outstanding liabilities of \$19,331 and \$25,057, respectively for the purchase of certain capital assets.

INTERNAL SERVICE FUNDS

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

Insurance Fund

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

Workers' Compensation Fund

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

**THE CITY OF NEWARK, OHIO
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
DECEMBER 31, 2002**

	<u>Insurance</u>	<u>Workers' Compensation</u>	<u>Totals</u>
<u>Assets:</u>			
Cash and Cash Equivalents	\$1,104,998	\$1,886,330	\$2,991,328
Total Assets	<u>\$1,104,998</u>	<u>\$1,886,330</u>	<u>\$2,991,328</u>
<u>Liabilities and Fund Equity:</u>			
Liabilities:			
Accounts Payable	\$4,809	\$0	\$4,809
Accrued Wages and Benefits	<u>0</u>	<u>216,425</u>	<u>216,425</u>
Total Liabilities	<u>4,809</u>	<u>216,425</u>	<u>221,234</u>
Fund Equity:			
Retained Earnings:			
Unreserved	<u>1,100,189</u>	<u>1,669,905</u>	<u>2,770,094</u>
Total Fund Equity	<u>1,100,189</u>	<u>1,669,905</u>	<u>2,770,094</u>
Total Liabilities and Fund Equity	<u>\$1,104,998</u>	<u>\$1,886,330</u>	<u>\$2,991,328</u>

THE CITY OF NEWARK, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Insurance</u>	<u>Workers' Compensation</u>	<u>Totals</u>
<u>Operating Revenues:</u>			
Charges for Services	\$3,678,951	\$713,390	\$4,392,341
Other Operating Revenues	538	61,262	61,800
Total Operating Revenues	<u>3,679,489</u>	<u>774,652</u>	<u>4,454,141</u>
<u>Operating Expenses:</u>			
Personal Services	3,780,174	354,921	4,135,095
Contractual Services	0	10,743	10,743
Total Operating Expenses	<u>3,780,174</u>	<u>365,664</u>	<u>4,145,838</u>
Income (Loss) Before Operating Transfers	(100,685)	408,988	308,303
<u>Operating Transfers:</u>			
Operating Transfers Out	0	(400,000)	(400,000)
Total Operating Transfers	<u>0</u>	<u>(400,000)</u>	<u>(400,000)</u>
Net Income (Loss)	(100,685)	8,988	(91,697)
Retained Earnings at Beginning of Year	1,200,874	1,660,917	2,861,791
Retained Earnings at End of Year	<u>\$1,100,189</u>	<u>\$1,669,905</u>	<u>\$2,770,094</u>

THE CITY OF NEWARK, OHIO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Insurance</u>	<u>Workers' Compensation</u>	<u>Totals</u>
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Quasi-External Operating Transactions From Other Funds	\$3,679,489	\$785,196	\$4,464,685
Cash Payments for Goods and Services	(3,778,173)	(190,866)	(3,969,039)
Net Cash Provided (Used) by Operating Activities	<u>(98,684)</u>	<u>594,330</u>	<u>495,646</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers Out to Other Funds	0	(400,000)	(400,000)
Net Cash Used by Noncapital Financing Activities	<u>0</u>	<u>(400,000)</u>	<u>(400,000)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(98,684)	194,330	95,646
Cash and Cash Equivalents at Beginning of Year	<u>1,203,682</u>	<u>1,692,000</u>	<u>2,895,682</u>
Cash and Cash Equivalents at End of Year	<u><u>\$1,104,998</u></u>	<u><u>\$1,886,330</u></u>	<u><u>\$2,991,328</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	(\$100,685)	\$408,988	\$308,303
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	0	10,544	10,544
Increase in Accounts Payable	2,001	0	2,001
Increase in Accrued Wages and Benefits	0	174,798	174,798
Total Adjustments	<u>2,001</u>	<u>185,342</u>	<u>187,343</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$98,684)</u></u>	<u><u>\$594,330</u></u>	<u><u>\$495,646</u></u>

FIDUCIARY FUND TYPES

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

EXPENDABLE TRUST FUNDS

Parking Lot Fund

To account for funds paid by employees for parking in the City parking lot which is paid to the owner of the lot as rent.

Liability Insurance Trust Fund

To account for funds on deposit for self insurance costs related to elected and appointed officials.

Law Library Fund

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

Cemetery Open and Close Fund

To account for funds collected and expended in conjunction with the pre-sale of the opening and closing of grave site sales program at Cedar Hill Cemetery.

Cemetery Vault Fund

To account for funds collected and expended in conjunction with the burial vault sales program at Cedar Hill Cemetery.

Veterans Memorial Sidewalk Fund

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

Mausoleum Trust Fund

To account for funds received for burial crypts sold on a pre-need basis.

Monument Sales Trust Fund

To account for funds received on the sale of cemetery monuments sold on a pre-need basis.

Mary E. Barnes Trust Fund

To account for the funds and investment earnings as stipulated in the bequest. Monies must be used for the Fire Department.

(Continued)

NONEXPENDABLE TRUST FUND

Cemetery Endowment Fund

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

AGENCY FUNDS

Municipal Court Fund

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

Fire Code Fund

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

THE CITY OF NEWARK, OHIO
COMBINING BALANCE SHEET
FIDUCIARY FUNDS
DECEMBER 31, 2002

	<i>Expendable Trust Funds</i>				
	Parking Lot	Liability Insurance Trust	Law Library	Cemetery Open and Close	Cemetery Vault
<u>Assets:</u>					
Cash and Cash Equivalents	\$2,088	\$21,334	\$5,606	\$138,876	\$164,306
Investments	0	0	0	0	0
Receivables (net of allowance for doubtful accounts):					
Interest	0	0	0	176	193
Restricted Assets:					
Cash and Cash Equivalents	0	0	0	0	0
Investments	0	0	0	0	0
Total Assets	<u>\$2,088</u>	<u>\$21,334</u>	<u>\$5,606</u>	<u>\$139,052</u>	<u>\$164,499</u>
<u>Liabilities and Fund Equity:</u>					
Liabilities:					
Accounts Payable	\$0	\$10,019	\$5,934	\$0	\$0
Intergovernmental Payables	0	0	0	0	0
Due to Others	0	0	0	0	0
Total Liabilities	<u>0</u>	<u>10,019</u>	<u>5,934</u>	<u>0</u>	<u>0</u>
Fund Equity:					
Reserved for Encumbrances	0	0	5,607	0	0
Reserved for Endowments	0	0	0	0	0
Unreserved	2,088	11,315	(5,935)	139,052	164,499
Total Fund Equity	<u>2,088</u>	<u>11,315</u>	<u>(328)</u>	<u>139,052</u>	<u>164,499</u>
Total Liabilities and Fund Equity	<u>\$2,088</u>	<u>\$21,334</u>	<u>\$5,606</u>	<u>\$139,052</u>	<u>\$164,499</u>

THE CITY OF NEWARK, OHIO
COMBINING BALANCE SHEET
FIDUCIARY FUNDS
DECEMBER 31, 2002

				<i>Nonexpendable Trust Fund</i>	<i>Agency Funds</i>		
Veterans Memorial Sidewalk	Mausoleum Trust	Monument Sales Trust	Mary E. Barnes Trust	Cemetery Endowment	Municipal Court	Fire Code	Totals
\$83,001	\$67,734	\$18,072	\$73,681	\$0	\$0	\$0	\$574,698
0	0	0	53,207	0	0	0	53,207
327	81	21	0	0	0	0	798
0	0	0	0	88,900	433,444	4,010	526,354
0	0	0	0	490,100	0	0	490,100
<u>\$83,328</u>	<u>\$67,815</u>	<u>\$18,093</u>	<u>\$126,888</u>	<u>\$579,000</u>	<u>\$433,444</u>	<u>\$4,010</u>	<u>\$1,645,157</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15,953
0	0	0	0	0	206,350	0	206,350
0	0	0	0	0	227,094	4,010	231,104
0	0	0	0	0	433,444	4,010	453,407
0	0	0	0	0	0	0	5,607
0	0	0	0	579,000	0	0	579,000
83,328	67,815	18,093	126,888	0	0	0	607,143
<u>83,328</u>	<u>67,815</u>	<u>18,093</u>	<u>126,888</u>	<u>579,000</u>	<u>0</u>	<u>0</u>	<u>1,191,750</u>
<u>\$83,328</u>	<u>\$67,815</u>	<u>\$18,093</u>	<u>\$126,888</u>	<u>\$579,000</u>	<u>\$433,444</u>	<u>\$4,010</u>	<u>\$1,645,157</u>

THE CITY OF NEWARK, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<i>Expendable Trust Funds</i>			
	Parking Lot	Liability Insurance Trust	Law Library	Cemetery Open and Close
<u>Revenues:</u>				
Charges for Services	\$2,511	\$0	\$81,803	\$11,953
Investment Earnings	0	0	0	2,569
All Other Revenues	0	0	0	0
Total Revenues	2,511	0	81,803	14,522
<u>Expenditures:</u>				
Security of Persons and Property	0	0	0	0
Leisure Time Activities	0	0	0	0
General Government	2,400	50,634	95,247	0
Total Expenditures	2,400	50,634	95,247	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	111	(50,634)	(13,444)	14,522
<u>Other Financing Sources (Uses):</u>				
Operating Transfers Out	0	0	0	(6,000)
Total Expenditures	0	0	0	(6,000)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	111	(50,634)	(13,444)	8,522
Fund Balance at Beginning of Year	1,977	61,949	13,116	130,530
Fund Balance (Deficit) at End of Year	\$2,088	\$11,315	(\$328)	\$139,052

THE CITY OF NEWARK, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

<i>Expendable Trust Funds</i>					
Cemetery Vault	Veterans Memorial Sidewalk	Mausoleum Trust	Monument Sales Trust	Mary E. Barnes Trust	Totals
\$28,985	\$0	\$20,702	\$14,989	\$0	\$160,943
2,676	3,249	1,021	199	5,699	15,413
0	4,100	0	0	0	4,100
31,661	7,349	21,723	15,188	5,699	180,456
0	0	0	0	1,245	1,245
0	1,155	0	0	0	1,155
0	0	2,723	0	0	151,004
0	1,155	2,723	0	1,245	153,404
31,661	6,194	19,000	15,188	4,454	27,052
(5,992)	0	0	(1,000)	0	(12,992)
(5,992)	0	0	(1,000)	0	(12,992)
25,669	6,194	19,000	14,188	4,454	14,060
138,830	77,134	48,815	3,905	122,434	598,690
\$164,499	\$83,328	\$67,815	\$18,093	\$126,888	\$612,750

THE CITY OF NEWARK, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Balance December 31, 2001	Additions	Deductions	Balance December 31, 2002
<u>Municipal Court Fund</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$389,055	\$4,508,533	(\$4,464,144)	\$433,444
Total Assets	<u>\$389,055</u>	<u>\$4,508,533</u>	<u>(\$4,464,144)</u>	<u>\$433,444</u>
Liabilities:				
Intergovernmental Payables	\$221,397	\$3,058,513	(\$3,073,560)	\$206,350
Due to Others	167,658	1,450,020	(1,390,584)	227,094
Total Liabilities	<u>\$389,055</u>	<u>\$4,508,533</u>	<u>(\$4,464,144)</u>	<u>\$433,444</u>
<u>Fire Code Fund</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$18,010	\$7,165	(\$21,165)	\$4,010
Total Assets	<u>\$18,010</u>	<u>\$7,165</u>	<u>(\$21,165)</u>	<u>\$4,010</u>
Liabilities:				
Due to Others	\$18,010	\$7,165	(\$21,165)	\$4,010
Total Liabilities	<u>\$18,010</u>	<u>\$7,165</u>	<u>(\$21,165)</u>	<u>\$4,010</u>
<u>Totals - All Agency Funds</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$407,065	\$4,515,698	(\$4,485,309)	\$437,454
Total Assets	<u>\$407,065</u>	<u>\$4,515,698</u>	<u>(\$4,485,309)</u>	<u>\$437,454</u>
Liabilities:				
Intergovernmental Payables	\$221,397	\$3,058,513	(\$3,073,560)	\$206,350
Due to Others	185,668	1,457,185	(1,411,749)	231,104
Total Liabilities	<u>\$407,065</u>	<u>\$4,515,698</u>	<u>(\$4,485,309)</u>	<u>\$437,454</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

General Fixed Assets Account Group is used to account for fixed assets other than those accounted for in the Proprietary Funds.

THE CITY OF NEWARK, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
DECEMBER 31, 2002

General Fixed Assets

Land	\$830,938
Buildings and Improvements	6,948,423
Land Improvements	4,038,728
Machinery and Equipment	11,796,997
Construction in Progress	<u>387,469</u>
Total General Fixed Assets	<u><u>\$24,002,555</u></u>

Investment in General Fixed Assets

General Fund	\$7,721,341
Special Revenue Funds	4,295,212
Capital Projects Funds	10,443,311
Enterprise Funds	71,804
Bonds	982,580
Grants	360,997
Donated	<u>127,310</u>
Total Investment in General Fixed Assets	<u><u>\$24,002,555</u></u>

THE CITY OF NEWARK, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY CATEGORY
DECEMBER 31, 2002

Function and Activity	Land	Buildings and Improvements	Land Improvements	Machinery and Equipment	Construction in Progress	Total
General Government:						
Mayor	\$0	\$0	\$0	\$8,084	\$0	\$8,084
Auditor	0	0	0	62,093	0	62,093
Treasurer	0	0	0	4,555	0	4,555
Law	0	0	0	103,421	0	103,421
General Administration	471,437	2,171,307	0	593,668	0	3,236,412
Personnel Administration	0	0	0	6,568	0	6,568
Service	0	1,517,744	305,324	201,051	0	2,024,119
Engineer	0	0	25,000	252,035	0	277,035
Information System	0	0	125,517	279,752	0	405,269
Public Safety	0	0	0	39,418	0	39,418
Income Tax	0	0	0	133,745	0	133,745
Code Administration	0	0	0	289,703	0	289,703
Council/Clerk	0	0	3,987	7,721	0	11,708
Municipal Court	0	0	3,800	181,314	0	185,114
Adult Probation	0	0	0	2,296	0	2,296
Clerk of Court	0	0	4,607	44,248	0	48,855
General Storage	0	0	0	9,224	0	9,224
Total	<u>471,437</u>	<u>3,689,051</u>	<u>468,235</u>	<u>2,218,896</u>	<u>0</u>	<u>6,847,619</u>
Security of Persons and Property:						
Police	0	201,889	129,550	1,644,030	377,600	2,353,069
Fire	315,901	395,385	13,193	3,831,067	0	4,555,546
Animal Control	0	0	0	30,087	0	30,087
Total	<u>315,901</u>	<u>597,274</u>	<u>142,743</u>	<u>5,505,184</u>	<u>377,600</u>	<u>6,938,702</u>
Transportation:						
Street	0	1,427,281	1,274,877	2,139,264	0	4,841,422
Traffic Control	0	0	2,289	526,840	0	529,129
Total	<u>0</u>	<u>1,427,281</u>	<u>1,277,166</u>	<u>2,666,104</u>	<u>0</u>	<u>5,370,551</u>
Public Health and Welfare:						
Health	0	0	0	302,826	0	302,826
Cemetery	0	564,173	579,353	219,915	0	1,363,441
Total	<u>0</u>	<u>564,173</u>	<u>579,353</u>	<u>522,741</u>	<u>0</u>	<u>1,666,267</u>
Leisure Time Activities:						
Recreation/Seniors	0	670,644	1,286,843	577,019	9,869	2,544,375
Community Environment:						
Economic and Community Development	43,600	0	284,388	307,053	0	635,041
Total General Fixed Assets	<u>\$830,938</u>	<u>\$6,948,423</u>	<u>\$4,038,728</u>	<u>\$11,796,997</u>	<u>\$387,469</u>	<u>\$24,002,555</u>

THE CITY OF NEWARK, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2002

Function and Activity	December 31, 2001	Transfers	Additions	Deletions	December 31, 2002
General Government:					
Mayor	\$9,684	(\$1,600)	\$0	\$0	\$8,084
Auditor	82,624	8,163	0	(28,694)	62,093
Treasurer	4,555	0	0	0	4,555
Law	103,421	0	0	0	103,421
General Administration	3,236,412	0	0	0	3,236,412
Personnel Administration	15,020	0	0	(8,452)	6,568
Service	2,020,719	3,400	0	0	2,024,119
Engineer	224,316	1,600	51,119	0	277,035
Information System	383,089	0	174,423	(152,243)	405,269
Public Safety	156,583	(131,731)	18,979	(4,413)	39,418
Income Tax	126,716	0	7,029	0	133,745
Code Administration	426,692	0	68,172	(205,161)	289,703
Council/Clerk	14,671	0	0	(2,963)	11,708
Municipal Court	152,408	34,996	2,385	(4,675)	185,114
Adult Probation	0	0	2,296	0	2,296
Clerk of Court	145,762	0	0	(96,907)	48,855
General Storage	9,224	0	0	0	9,224
Total	<u>7,111,896</u>	<u>(85,172)</u>	<u>324,403</u>	<u>(503,508)</u>	<u>6,847,619</u>
Security of Persons and Property:					
Police	2,365,343	82,944	661,501	(756,719)	2,353,069
Fire	4,185,750	13,193	356,603	0	4,555,546
Animal Control	33,645	(3,558)	0	0	30,087
Total	<u>6,584,738</u>	<u>92,579</u>	<u>1,018,104</u>	<u>(756,719)</u>	<u>6,938,702</u>
Transportation:					
Street	4,978,831	17,634	0	(155,043)	4,841,422
Traffic Control	1,514,697	(36,959)	0	(948,609)	529,129
Total	<u>6,493,528</u>	<u>(19,325)</u>	<u>0</u>	<u>(1,103,652)</u>	<u>5,370,551</u>
Public Health and Welfare:					
Health	235,504	69,992	18,592	(21,262)	302,826
Cemetery	1,394,436	0	4,559	(35,554)	1,363,441
Total	<u>1,629,940</u>	<u>69,992</u>	<u>23,151</u>	<u>(56,816)</u>	<u>1,666,267</u>
Leisure Time Activities:					
Recreation/Seniors	2,817,894	40,813	174,921	(489,253)	2,544,375
Community Environment:					
Economic and Community Development	1,148,605	(98,887)	39,406	(454,083)	635,041
Total General Fixed Assets	<u>\$25,786,601</u>	<u>\$0</u>	<u>\$1,579,985</u>	<u>(\$3,364,031)</u>	<u>\$24,002,555</u>

STATISTICAL SECTION

STATISTICAL TABLES

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

THE CITY HAS HAD NO GENERAL OBLIGATION DEBT SUPPORTED BY PROPERTY TAXES IN THE LAST TEN YEARS.

THE CITY OF NEWARK, OHIO
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN YEARS

Year	Security of Persons and Property	Public Health and Welfare	Leisure Time Activities	Community Environment	Trans- portation	General Government	Capital Outlay	Debt Service	Other	Total
1993	\$7,713,385	\$1,099,367	\$426,933	\$1,533,631	\$1,893,073	\$3,804,762	\$1,054,286	\$105,466	\$4,361	\$17,635,264
1994	8,492,541	1,282,929	531,287	1,957,799	2,176,313	4,177,519	1,991,830	66,648	0	20,676,866
1995	9,431,101	1,421,765	605,105	2,334,463	2,253,170	4,385,345	1,793,577	77,114	0	22,301,640
1996	9,966,142	1,426,893	663,154	2,113,796	2,562,421	4,780,328	3,040,874	68,617	0	24,622,225
1997	10,713,937	1,530,374	719,179	2,927,923	2,851,409	5,486,454	2,203,024	97,534	0	26,529,834
1998	11,633,701	1,553,417	741,535	2,676,503	3,354,548	5,813,884	3,770,552	243,060	0	29,787,200
1999	12,060,959	1,987,846	781,835	2,496,316	3,009,431	6,136,903	3,054,466	220,659	0	29,748,415
2000	12,401,045	2,028,556	774,609	2,518,321	2,711,224	6,150,877	2,244,604	370,938	0	29,200,174
2001	13,314,367	2,326,795	849,014	2,571,544	3,357,894	6,301,536	5,733,268	357,955	0	34,812,373
2002	14,331,955	2,400,745	857,314	2,745,924	3,047,974	6,756,970	3,178,884	401,391	0	33,721,157

(1) Includes General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds

THE CITY OF NEWARK, OHIO
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN YEARS

Year	Taxes	Inter-Governmental Revenues	Charges for Services	Licenses Permits and Fees	Investment Earnings	Fines and Forfeitures	All Other (2)	Total
1993	\$10,600,658	\$4,181,369	\$862,587	\$742,995	\$345,950	\$974,474	\$265,253	\$17,973,286
1994	11,835,621	5,141,325	814,898	908,492	522,855	1,174,435	327,426	20,725,052
1995	12,684,928	5,235,576	860,328	939,535	899,859	1,151,498	429,529	22,201,253
1996	13,355,337	5,472,602	930,694	1,117,447	890,480	1,123,630	755,538	23,645,728
1997	a 12,443,486	9,346,877	1,036,442	1,097,596	998,319	1,130,498	547,107	26,600,325
1998	a 13,445,961	8,801,081	1,161,337	1,127,598	1,203,931	1,138,238	425,535	27,303,681
1999	a 13,672,911	8,718,932	1,137,543	1,395,993	941,367	1,393,728	517,833	27,778,307
2000	a 14,460,762	10,529,901	1,230,212	1,422,641	1,139,430	1,686,475	511,222	30,980,643
2001	a 14,473,914	8,665,294	1,150,907	1,565,619	818,298	1,627,706	589,100	28,890,838
2002	a 19,361,211	9,722,122	1,068,884	1,773,593	460,223	1,611,441	491,157	34,488,631

a - Includes State Levied Shared Taxes Reclassified to Intergovernmental Revenue

(1) Includes General Fund, Special Revenue Funds, Debt Service Fund and Capital Project Funds

(2) Includes Special Assessment Revenue

THE CITY OF NEWARK, OHIO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Accumulated Delinquent Taxes To Total Tax Levy</u>
1993	\$1,669,638	\$1,508,011	\$37,688	\$1,545,699	92.58%	\$92,843	5.56%
1994	1,795,406	1,664,873	21,863	1,686,736	93.95%	108,670	6.05%
1995	1,875,192	1,720,975	61,681	1,782,656	95.07%	92,536	4.93%
1996	1,901,242	1,743,776	44,140	1,787,916	94.04%	113,326	5.96%
1997	2,095,194	1,853,950	76,066	1,930,016	92.12%	165,178	7.88%
1998	2,186,175	2,000,609	113,781	2,114,390	96.72%	71,785	3.28%
1999	2,206,090	2,047,102	63,525	2,110,627	95.67%	95,463	4.33%
2000	2,550,578	2,301,964	68,661	2,370,625	92.94%	179,453	7.04%
2001	2,611,482	2,354,000	120,394	2,474,394	94.75%	137,088	5.25%
2002	2,597,220	2,334,319	82,255	2,416,574	93.04%	180,646	6.96%

Source: Licking County Auditor

**THE CITY OF NEWARK, OHIO
TANGIBLE TAX COLLECTED
LAST TEN YEARS**

<u>Year Paid</u>	<u>Amount</u>
1993	\$190,937
1994	224,000
1995	225,349
1996	224,837
1997	196,866
1998	307,741
1999	265,716
2000	223,432
2001	350,543
2002	234,636

Source: Licking County Auditor

THE CITY OF NEWARK, OHIO
ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES
OF TAXABLE PROPERTY
LAST TEN YEARS

Tax Year	Real Property		Public Utility Personal		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1993	\$365,153,660	\$1,043,296,171	\$33,655,540	\$33,655,540	\$53,261,460	\$213,045,840	\$452,070,660	\$1,289,997,551	35.04%
1994	379,045,450	1,082,987,000	34,130,590	34,130,590	59,550,790	238,203,160	472,726,830	1,355,320,750	34.88%
1995	388,820,020	1,110,914,340	33,824,680	33,824,680	61,258,690	245,034,760	483,903,390	1,389,773,780	34.82%
1996	436,671,260	1,247,632,171	32,818,540	32,818,540	62,237,040	248,948,160	531,726,840	1,529,398,871	34.77%
1997	447,201,930	1,277,719,800	32,416,900	32,416,900	61,655,510	246,622,040	541,274,340	1,556,758,740	34.77%
1998	466,676,380	1,333,361,086	32,510,910	32,510,910	63,618,490	254,473,960	562,805,780	1,620,345,956	34.73%
1999	545,493,340	1,558,522,400	29,461,150	29,461,150	59,564,470	238,257,888	634,518,960	1,826,241,438	34.74%
2000	554,376,620	1,583,933,200	31,010,390	31,010,390	69,314,670	277,258,680	654,701,680	1,892,202,270	34.60%
2001	563,976,650	1,611,361,860	22,767,980	22,767,980	72,137,560	288,550,240	658,882,190	1,922,680,080	34.27%
2002	625,078,160	1,785,937,600	23,735,560	23,735,560	70,159,740	280,638,960	718,973,460	2,090,312,120	34.40%

Source: Licking County Auditor

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

Collection Year	City of Newark				Newark City School District	Vo-Ed School	Licking County	Total
	General Fund	Police Pension	Fire Pension	Total City				
1993	3.10	0.30	0.30	3.70	47.80	2.00	7.20	60.70
1994	3.10	0.30	0.30	3.70	48.00	2.00	7.20	60.90
1995	3.10	0.30	0.30	3.70	48.00	2.00	6.70	60.40
1996	3.10	0.30	0.30	3.70	48.00	2.00	7.20	60.90
1997	3.10	0.30	0.30	3.70	49.00	2.00	7.20	61.90
1998	3.10	0.30	0.30	3.70	49.00	2.00	7.20	61.90
1999	3.10	0.30	0.30	3.70	31.25	2.00	7.20	44.15
2000	3.10	0.30	0.30	3.70	31.22	2.00	7.20	44.12
2001	3.10	0.30	0.30	3.70	31.22	2.00	7.20	44.12
2002	3.10	0.30	0.30	3.70	31.21	2.00	7.20	44.11

Source: Licking County Auditor

THE CITY OF NEWARK, OHIO
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN YEARS

<u>Collection Year</u>	<u>Amount Billed</u>	<u>Amount Collected</u>	<u>Percent Collected</u>
1993	\$118,002	\$30,298	25.68%
1994	116,730	34,993	29.98%
1995	106,797	20,858	19.53%
1996	120,684	19,104	15.83%
1997	132,623	15,615	11.77%
1998	64,257	50,379	78.40%
1999	175,546	51,610	29.40%
2000	157,845	49,680	31.47%
2001	174,572	42,285	24.22%
2002	104,473	29,059	27.81%

Source: Licking County Auditor

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

THE CITY OF NEWARK, OHIO
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2002

	Total Debt	Unvoted Debt
Net Assessed Valuation	\$718,973,460	\$718,973,460
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	75,492,213	39,543,540
City Debt Outstanding (2)	12,189,000	12,189,000
Less: Applicable Debt Service Fund Amounts	(1,924)	(1,924)
Net Indebtedness Subject to Limitation	12,187,076	12,187,076
Legal Debt Margin	\$63,305,137	\$27,356,464

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

(2) City Debt Outstanding Includes Non Self-Supporting General Obligation Notes.

Enterprise Debt and Special Assessment Debt is Not Considered in the Computation of the Legal Debt Margin.

THE CITY OF NEWARK, OHIO
COMPUTATION OF ALL DIRECT AND OVERLAPPING
GENERAL OBLIGATION BONDED DEBT
DECEMBER 31, 2002

<u>Jurisdiction</u>	<u>Net Debt Outstanding (1)</u>	<u>Percentage Applicable to City of Newark (2)</u>	<u>Amount Applicable to City of Newark</u>
Direct			
City of Newark	\$0	100.00%	\$0
Overlapping Subdivisions			
Licking County	14,921,459	23.51%	<u>3,508,035</u>
		Subtotal	<u>3,508,035</u>
		Total	<u><u>\$3,508,035</u></u>

(1) Does not include G.O. Notes or Self-Supporting General Obligation Bonds and Notes

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

Source: Licking County Auditor

THE CITY OF NEWARK, OHIO
REVENUE BOND COVERAGE - WATER MORTGAGE BONDS
LAST TEN YEARS

<u>Gross Revenues (1)</u>	<u>Direct Operating Expenses (2)</u>	<u>Net Revenue Available For Debt Service</u>	<u>Debt Service Requirement (3)</u>	<u>Coverage</u>
\$4,350,458	\$2,725,573	\$1,624,885	\$186,919	8.69
4,705,358	2,421,716	2,283,642	0	0.00
5,617,933	2,719,011	2,898,922	0	0.00
5,298,452	5,127,848	170,604	0	0.00
5,291,336	2,953,772	2,337,564	0	0.00
5,234,003	3,580,942	1,653,061	0	0.00
5,147,493	3,873,057	1,274,436	0	0.00
5,896,780	3,536,451	2,360,329	0	0.00
5,643,058	3,794,227	1,848,831	0	0.00
5,594,467	3,706,095	1,888,372	0	0.00

(1) Gross revenues include total operating revenues plus investment earnings

(2) Direct operating expenses include total operating expenses less depreciation

(3) Annual debt service requirements include principal and interest on revenue bonds only
It does not include the general obligation bonds reported in the Water Revenue Fund

**THE CITY OF NEWARK, OHIO
DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

<u>Year</u>	<u>Population (1)</u>		<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
1993	44,489	(a)	9,098	5.7%
1994	45,000	(a)	9,083	4.8%
1995	45,200	(a)	8,958	4.4%
1996	47,450	(a)	8,800	3.6%
1997	47,450	(a)	8,796	3.6%
1998	47,450	(a)	8,561	3.5%
1999	47,450	(a)	8,553	3.6%
2000	47,450	(a)	8,605	3.6%
2001	46,279	(b)	8,562	4.3%
2002	46,279	(b)	8,590	5.9%

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

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

(3) Source: Chamber of Commerce

THE CITY OF NEWARK, OHIO
PROPERTY VALUE AND CONSTRUCTION PERMITS
LAST TEN YEARS

<u>Year</u>	<u>Residential (1)</u>		<u>Commercial (1)</u>	
	<u>Number of Permits</u>	<u>Property Value</u>	<u>Number of Permits</u>	<u>Property Value</u>
1993 (1)	429	\$31,444,936	95	\$30,151,432
1994 (1)	697	60,845,498	109	71,726,798
1995 (1)	1,043	72,176,209	261	39,344,585
1996	423	16,388,537	179	19,863,836
1997	392	14,879,339	200	49,577,820
1998	413	13,745,663	194	33,377,351
1999	346	10,227,271	185	12,604,267
2000	378	18,227,717	172	29,590,974
2001	326	29,963,320	174	19,669,769
2002	411	31,971,545	238	24,467,294

Source: City of Newark Building Department
(1) Includes all of Licking County

THE CITY OF NEWARK, OHIO
PRINCIPAL TAXPAYERS (PROPERTY TAX)
DECEMBER 31, 2002

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2002 Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1. Ohio Power Company	Public Utility	\$13,833,010	1.92%
2. Alltel Ohio, Inc.	Public Utility	6,736,330	0.94%
3. Cherry Jack Ltd	Real Estate	4,821,920	0.67%
4. Owens Corning, Inc.	Manufacturing	3,404,840	0.47%
5. State Farm Mutual Auto Insurance	Insurance	2,452,220	0.34%
6. Southgate Limited Partnership	Real Estate	2,438,400	0.34%
7. Meijer, Inc.	Retail	1,826,410	0.25%
8. L.C. Lighting Group	Manufacturing	1,747,550	0.24%
9. Two Holdings Inc.	Dairy Products	1,609,510	0.22%
10. B V Newark LLC	Apartments	1,589,600	0.22%
	Sub-Total	40,459,790	5.61%
	All Others	678,513,670	94.39%
	Total	\$718,973,460	100.00%

Source: Licking County, Ohio: County Auditor and Treasurer

*THE CITY OF NEWARK , OHIO
PRINCIPAL EMPLOYERS
DECEMBER 31, 2002*

<u>Employer</u>	<u>Number of Employees</u>
1. State Farm Insurance	1,524
2. Licking Memorial Hospital	1,338
3. Owens Corning, Inc.	1,335
4. Newark City Schools	1,292
5. Licking County Government	1,166
6. Longaberger, Inc.	1,146
7. OSU-N/COTC	1,000
8. Anomatic Corp.	812
9. Acquity Lighting Group (Holophane)	629
10. Newark City Government	581

Source: City of Newark Income Tax Department

THE CITY OF NEWARK, OHIO
MISCELLANEOUS STATISTICS
DECEMBER 31, 2002

Date of Incorporation	1826	Police Services:		Water System:	
Form of Government	Charter	Number of Stations	5	Number of Purification Plants	1
Area (square miles)	19.04	Number of Police Personnel and Officers	91	Miles of Water Mains	193
Facilities and Services:		Number of Patrol Units	20	Number of Fire Hydrants	1,630
Miles of Streets	204	Number of Law Violations:		Number of Service Connections	17,268
Number of Street Lights (per American Electric Power and Licking Rural Electric)	3,322	Criminal Juvenile Citations and Charges	1,421	Average Daily Consumption (Gallons)	8.1M
		Traffic Citations Issued	1,872	Maximum Daily Capacity of Plant (Gallons)	15M
		Parking Tickets Written	1,716	Sewerage System:	
Recreation and Culture:		Fire/Emergency Medical Services:		Number of Treatment Plants	1
Number of Parks	39	Number of Stations	4	Miles of Sanitary Sewers	177
Park Area (acres)	1,422	Number of Fire Personnel and Officers	77	Miles of Storm Sewers	86
Number of Ball Fields:		Number of Calls Answered	10,111	Number of Service Connections	15,017
Lighted	2	Number of Inspections	1,070	Average Daily Treatment (Gallons)	8.02M
Unlighted	8			Maximum Daily Capacity of Treatment (Gallons)	26M
Number of Libraries (Operated by Licking County)	2	Parking Facilities:		Education: *	
		Parking Levels	2	Elementary Schools	21
Number of Cemeteries	1	Parking Spaces	184	Elementary School Students	6,163
Cemetery Area (Acres)	118	Off-Street Parking Lots	3	Elementary School Instructors	407
Hospitals:		Parking Spaces	1,379	Secondary Schools	2
Number of Hospitals	1	On-Street Parking Meters	373	Secondary School Students	2,399
Number of Patient Beds	185	Average Daily Cars Parked	1,286	Secondary School Instructors	162
Number of Bassinets	25			Colleges	2
				College Students	3,410

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

CITY OF NEWARK
LICKING COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2002

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>						
(Direct Award)						
Community Development Block Grant	n/a	14.218	\$ 996,397	\$ -	\$ 1,079,356	\$ -
HOME Investment Partnership Program	n/a	14.239	<u>213,387</u>	-	<u>186,833</u>	-
Total U.S. Department of Housing and Urban Development			1,209,784	-	1,266,189	-
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>						
Pass through Ohio Department of Transportation						
Highway Planning and Construction	LPA 9743	20.205	933,561	-	504,191	-
Federal Transit Capital/Operating Grant	OH-90-X410-00	20.507	504,609	-	589,327	-
State and Community Highway Safety	45032AD01	20.600	<u>51,254</u>	-	<u>42,681</u>	-
Total U.S. Department of Transportation			1,489,424	-	1,136,199	-
<u>U.S. DEPARTMENT OF JUSTICE:</u>						
(Direct Award)						
Local Law Enforcement Block Grant	n/a	16.592	12,633	-	33,717	-
Public Safety Partnership/Policing Grants	n/a	16.710	65,416	-	65,416	-
Pass through Ohio Department of Justice						
Bulletproof Vest Grant	2002-02016221	16.607	1,713	-	1,713	-
Edward Bryne Memorial Grant	2001DG8027217	16.580	<u>91,736</u>	-	<u>91,887</u>	-
Total U.S. Department of Justice			171,498	-	192,733	-
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>						
Pass through Ohio Department of Health						
Immunization Action Plan	45201PA2392	93.268	40,800	-	40,800	-
Dental Sealant Plan	45201FA2320	93.994	<u>47,654</u>	-	<u>47,654</u>	-
Total U.S. Department of Health and Human Services			<u>88,454</u>	-	<u>88,454</u>	-
Total Federal Awards Expenditures			<u>\$ 2,959,160</u>	<u>\$ -</u>	<u>\$ 2,683,575</u>	<u>\$ -</u>

See notes to Schedule of Federal Awards Expenditures.

**CITY OF NEWARK
LICKING COUNTY**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A – Significant 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.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

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

Honorable Mayor and Members of 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, 2002, and have issued our report thereon dated June 3, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 June 3, 2003.

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
June 3, 2003

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

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

Honorable Mayor and Members of 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, 2002. 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2002.

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
June 3, 2003

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

**FINANCIAL CONDITION
CITY OF NEWARK
DECEMBER 31, 2002**

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):	CDBG #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



**Auditor of State
Betty Montgomery**

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CITY OF NEWARK

LICKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 12, 2003**