

**CITY OF NEWARK
LICKING COUNTY**

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2003



**Auditor of State
Betty Montgomery**

Honorable Mayor and Members of City Council
City of Newark
40 West Main Street
Newark, Ohio 43055

We have reviewed the Independent Auditor's Report of the City of Newark, Licking County, prepared by Wolfe, Wilson, & Phillips, Inc., for the audit period January 1, 2003 to December 31, 2003. 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

December 2, 2004

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**CITY OF NEWARK
LICKING COUNTY**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Schedule of Federal Awards Schedule	1
Notes to Schedule of Federal Awards Expenditures	2
Independent Auditors' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	3
Independent Auditors' Report on Compliance with Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance with OMB Circular A-133	4-5
Schedule of Findings	6-14
Corrective Action Plan	15-16

**CITY OF NEWARK
LICKING COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003**

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	\$ 1,025,009	\$ -	\$ 1,083,695	\$ -
Lead Based Paint Hazard Control	n/a	14.900	128,254	-	167,837	-
(pass through Ohio Department of Development) HOME Investment Partnership Program	n/a	14.239	<u>206,762</u>	<u>-</u>	<u>276,213</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			1,360,025	-	1,527,745	-
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>						
Pass through Ohio Department of Transportation						
Highway Planning and Construction	PID 22105	20.205	-	-	462,210	-
Federal Transit Capital/Operating Grant	OH-90-X430-00	20.507	648,146	-	729,039	-
State and Community Highway Safety	45032AD0	20.600	<u>33,637</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Transportation			681,783	-	1,191,249	-
<u>U.S. DEPARTMENT OF JUSTICE:</u>						
(Direct Award)						
Local Law Enforcement Block Grant	n/a	16.592	7,704	-	7,704	-
Public Safety Partnership/Policing Grants	n/a	16.710	102,601	-	102,601	-
Pass through Ohio Department of Justice						
Bulletproof Vest Grant	2011221	16.607	20,220	-	20,220	-
Edward Bryne Memorial Grant	2003DGB017217	16.580	<u>122,032</u>	<u>-</u>	<u>122,032</u>	<u>-</u>
Total U.S. Department of Justice			252,557	-	252,557	-
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>						
Pass through Ohio Department of Health						
Immunization Action Plan	K095	93.268	71,542	-	71,542	-
HIV Grant	n/a	93.938	44,423	-	44,423	-
Dental Sealant Plan	J940	93.994	<u>51,905</u>	<u>-</u>	<u>51,905</u>	<u>-</u>
Total U.S. Department of Health and Human Services			167,870	-	167,870	-
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>						
Direct Award						
Assistance to Firefighters Grant Program	n/a	97.044	64,367	-	64,367	-
Pass through Ohio Department of Health						
Public Health Infrastructure	J321/K552	93.283	<u>226,890</u>	<u>-</u>	<u>226,890</u>	<u>-</u>
Total U.S. Department of Homeland Security			291,257	-	291,257	-
Total Federal Awards Expenditures			<u>\$ 2,753,492</u>	<u>\$ -</u>	<u>\$ 3,430,678</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 Council
City of Newark
Newark, Ohio 43055

We have audited the financial statements of the City of Newark as of and for the year ended December 31, 2003, and have issued our report thereon dated August 18, 2004, wherein we noted the City adopted Government Accounting Standards Board Statements 34, 37, 38 and Interpretation No. 6. 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 the City of Newark's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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 August 18, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Newark's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide 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. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the City of Newark in a separate letter dated August 18, 2004.

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
August 18, 2004

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

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

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

Compliance

We have audited the compliance of the City of Newark with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2003. The City of Newark's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Newark's management. Our responsibility is to express an opinion on The City of Newark's compliance based on our audit.

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

As described in items 2003-1 through 2003-10 in the accompanying schedule of findings and questioned costs, the City of Newark, did not comply with requirements regarding allowable activities and costs, cash management, eligibility, procurement, program income, and special tests that are applicable to its HOME Investment Partnership Grant. Compliance with such requirements is necessary, in our opinion, for the City of Newark to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City of Newark complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

Internal Control Over Compliance

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

Internal Control Over Compliance (Continued)

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City of Newark's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2003IC-01 through 2003IC-05

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. However of the reportable conditions described above, we consider all items to be material weaknesses.

Schedule of Federal Award Expenditures

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregated remaining fund information of the City of Newark as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 18, 2004. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of federal award expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended for the information of the Mayor, City Council, 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
August 18, 2004

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

**CITY OF NEWARK
LICKING COUNTY
DECEMBER 31, 2003**

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?	YES
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	YES
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified - CDBG Unqualified - Lead Based Paint Qualified - HOME Partnership
<i>(d)(1)(vi)</i>	Are there any reportable findings under section .510?	YES
<i>(d)(1)(vii)</i>	Major Programs (List):	CDBG #14.218 Lead Based Paint #14.900 HOME Partnership #14.239
<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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
OMB CIRCULAR A – 133 SECTION .505

CITY OF NEWARK
LICKING COUNTY
DECEMBER 31, 2003

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOME INVESTMENT PARTNERSHIP GRANT CFDA #14.239

Finding 2003-1 Grant No. A-C-00-293-2, Year Ended December 31, 2003

Condition: Contracts not signed by contractor and homeowner.

Criteria: In reference to A-102 Common Rule (24 CFR 85.36), and terms of the grant, a signed contract between the contractor and homeowner must be on file.

Effect: Contracts are subject to disallowance and refund to HUD.

Cause: Procedures in place requiring signed contracts not followed.

Population and items tested: There were 10 contracts tested in 2003 totaling \$263,011. There were 8 contracts that did not have signed contracts between the contractor and homeowner totaling \$163,895 which are regarded as questioned costs.

Questioned Costs: \$163,895

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

Grantee Response: The City agrees with the finding. They currently are performing a internal investigation into the program and have had the Ohio Department of Housing and Urban Development conduct a review/investigation into the program and are awaiting the final report.

Finding 2003-2 Grant No. A-C-00-293-2, Year ended December 31, 2003

Condition: Contracts not awarded to lowest bidder.

Criteria: In reference to A-102 Common Rule (24 CFR 85.36), and terms of the grant, documentation should exist that the contract was awarded to the lowest bidder or signed documentation detailing the reasons that the lowest bidder was not accepted.

Effect: Contracts are subject to disallowance and refund to HUD.

Cause: Procedures in place requiring contracts to be rewarded to lowest bidder not followed.

Population and items tested: There were 10 contracts tested in 2003 totaling \$263,011. There were 7 contracts that were not awarded to the lowest bidder and no documentation on file explaining why the low bidder did not get the contract. The total of the 7 contracts were \$206,785, of which \$99,116 is considered questioned costs.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
OMB CIRCULAR A – 133 SECTION .505

CITY OF NEWARK
LICKING COUNTY
DECEMBER 31, 2003

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (continued)

Finding 2003-2 Grant No. A-C-00-293-2, Year ended December 31, 2003 (Continued)

Questioned Costs: \$99,116. Total questioned costs after Findings 2003-1 and 2003-2 is \$263,011, which is the total cost of the 10 contracts tested.

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

Grantee Response: The City agrees with the finding. They currently are performing a internal investigation into the program and have had the Ohio Department of Housing and Urban Development conduct a review/investigation into the program and are awaiting the final report.

Finding 2003-3 Grant No. A-C-00-293-2, Year Ended December 31, 2003

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

Criteria: Cost must be reasonable and necessary for the performance and administration of the federal program.

Effect: Disbursements are subject to disallowance and refund to HUD.

Cause: Procedures in place to ensure proper payment were not followed.

Population and items tested: There were 40 disbursements totaling \$228,296 tested from a population of 79 disbursements totaling \$276,213. 3 payments were made without an invoice totaling \$20,450.

Questioned Costs: All contracts are subject to questioned costs per findings 2003-1 and 2003-2.

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

Grantee Response: The City agrees with the finding. They currently are performing a internal investigation into the program and have had the Ohio Department of Housing and Urban Development conduct a review/investigation into the program and are awaiting the final report.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
OMB CIRCULAR A – 133 SECTION .505

CITY OF NEWARK
LICKING COUNTY
DECEMBER 31, 2003

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (continued)

Finding 2003-4 Grant No. A-C-00-293-2, Year Ended December 31, 2003

Condition: Drawdowns were deposited into a interest bearing account.

Criteria: Grantee must deposit federal funds into a non-interest bearing account. If the funds are put into a interest bearing account, any interest earned that totals more than \$100 shall be paid back to HUD.

Effect: Any interest earned over \$100 should be paid back to HUD.

Cause: Drawdowns are not put into a separate account but co-mingled in the City's general account.

Population and items tested: Reviewed all drawdowns and traced to the City's general checking account. Interest earned over \$100 that relates to the federal program could not be determined.

Questioned Costs: All contracts are subject to questioned costs per findings 2003-1 and 2003-2.

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

Grantee Response: The City agrees with the finding. They currently are performing a internal investigation into the program and have had the Ohio Department of Housing and Urban Development conduct a review/investigation into the program and are awaiting the final report.

Finding 2003-5 Grant No. A-C-00-293-2, Year Ended December 31, 2003

Condition: No documentation of eligibility on file.

Criteria: The grant has targeting requirements. Only low income or very low income persons as defined in 24 CFR Section 92.2 can receive housing assistance.

Effect: The costs are subject to disallowance and refund to HUD.

Cause: Procedures in place were not followed.

Population and items tested: A sample of 10 grants totaling \$263,011 were tested. 2 contracts did not have eligibility documentation on file.

Questioned Costs: All contracts are subject to questioned costs per findings 2003-1 and 2003-2.

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

Grantee Response: The City agrees with the finding. They currently are performing a internal investigation into the program and have had the Ohio Department of Housing and Urban Development conduct a review/investigation into the program and are awaiting the final report.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
OMB CIRCULAR A – 133 SECTION .505

CITY OF NEWARK
LICKING COUNTY
DECEMBER 31, 2003

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (continued)

Finding 2003-6 Grant No. A-C-00-293-2, Year Ended December 31, 2003

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

Criteria: The grant requires documentation of emergency procurement procedures are to be kept on file for additional costs incurred beyond the original contract.

Effect: The costs are subject to disallowance and refund to HUD.

Cause: Procedures in place were not followed.

Population and items tested: A sample of 10 grants totaling \$263,011 were tested. 5 contracts did not have emergency procurement documentation on file.

Questioned Costs: All contracts are subject to questioned costs per findings 2003-1 and 2003-2.

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

Grantee Response: The City agrees with the finding. They currently are performing a internal investigation into the program and have had the Ohio Department of Housing and Urban Development conduct a review/investigation into the program and are awaiting the final report.

Finding 2003-7 Grant No. A-C-00-293-2, Year Ended December 31, 2003

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

Criteria: The grant requires all contracts have OHPO clearance documentation on file.

Effect: The costs are subject to disallowance and refund to HUD.

Cause: Procedures in place were not followed.

Population and items tested: A sample of 10 grants totaling \$263,011 were tested. 2 contracts did not have OHPO clearance documentation on file.

Questioned Costs: All contracts are subject to questioned costs per findings 2003-1 and 2003-2.

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

Grantee Response: The City agrees with the finding. They currently are performing a internal investigation into the program and have had the Ohio Department of Housing and Urban Development conduct a review/investigation into the program and are awaiting the final report.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
OMB CIRCULAR A – 133 SECTION .505

CITY OF NEWARK
LICKING COUNTY
DECEMBER 31, 2003

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (continued)

Finding 2003-8 Grant No. A-C-00-293-2, Year Ended December 31, 2003

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

Criteria: The grant requires that there should be at least three bids per project. If there is not three bids, a signed affidavit from the owner waiving this requirement should be on file.

Effect: The costs are subject to disallowance and refund to HUD.

Cause: Procedures in place were not followed.

Population and items tested: A sample of 10 grants totaling \$263,011 were tested. 3 contracts did not have signed affidavit waiving the three bid requirement in instances where there was less than three bids.

Questioned Costs: All contracts are subject to questioned costs per findings 2003-1 and 2003-2.

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

Grantee Response: The City agrees with the finding. They currently are performing a internal investigation into the program and have had the Ohio Department of Housing and Urban Development conduct a review/investigation into the program and are awaiting the final report.

Finding 2003-9 Grant No. A-C-00-293-2, Year Ended December 31, 2003

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

Criteria: The grant requires that mortgages should be acquired that are within \$1,000 of the amount spent on property rehabilitation.

Effect: The City will not be covered for the costs of projects if projects are destroyed.

Cause: Procedures in place were not followed.

Population and items tested: A sample of 10 grants totaling \$263,011 were tested. 6 contracts did not have mortgages within \$1,000 of rehabilitation costs.

Questioned Costs: All contracts are subject to questioned costs per findings 2003-1 and 2003-2.

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

Grantee Response: The City agrees with the finding. They currently are performing a internal investigation into the program and have had the Ohio Department of Housing and Urban Development conduct a review/investigation into the program and are awaiting the final report.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
OMB CIRCULAR A – 133 SECTION .505

CITY OF NEWARK
LICKING COUNTY
DECEMBER 31, 2003

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (continued)

Finding 2003-10 Grant No. A-C-00-293-2, Year Ended December 31, 2003

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

Criteria: The grant requires that there should be signed client satisfaction form on file and there should be proof of homeowners hazard insurance on file.

Effect: The City is not in compliance with grant requirements.

Cause: Procedures in place were not followed.

Population and items tested: A sample of 10 grants totaling \$263,011 were tested. 5 contracts did not have signed client satisfaction form on file or proof of homeowners hazard insurance. Also 2 signed client satisfaction forms were not dated.

Questioned Costs: All contracts are subject to questioned costs per findings 2003-1 and 2003-2.

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

Grantee Response: The City agrees with the finding. They currently are performing an internal investigation into the program and have had the Ohio Department of Housing and Urban Development conduct a review/investigation into the program and are awaiting the final report.

Total Department of Housing and Urban Development Questioned Costs	\$263,011
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
OMB CIRCULAR A – 133 SECTION .505

CITY OF NEWARK
LICKING COUNTY
DECEMBER 31, 2003

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (continued)

INTERNAL CONTROL

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOME INVESTMENT PARTNERSHIP GRANT CFDA #14.239

Finding 2003IC-1 Grant No. A-C-00-293-2, Year Ended December 31, 2003

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

Criteria: Internal controls should be in place so that mortgages will be signed by parties to the contract.

Effect: If all parties to the contract do not sign the mortgage, The City could lose its investment in the property if needed to take ownership of that property.

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

Finding 2003IC-2 Grant No. A-C-00-293-2, Year Ended December 31, 2003

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

Criteria: Internal controls should be in place so that all files contain the list of qualified contractors and instruction to homeowners.

Effect: Contracts may be rewarded to those contractors who are unqualified and the homeowner instructions may not be followed.

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

Finding 2003IC-3 Grant No. A-C-00-293-2, Year Ended December 31, 2003

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

Criteria: Internal controls should be in place so that all files contain a summary sheet of the bids received for the rehabilitation project.

Effect: By not preparing a summary sheet of the bids received, bids may not be rewarded to the lowest bidder as required.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
OMB CIRCULAR A – 133 SECTION .505

CITY OF NEWARK
LICKING COUNTY
DECEMBER 31, 2003

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (continued)

Finding 2003IC-4 Grant No. A-C-00-293-2, Year Ended December 31, 2003

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

Criteria: Internal controls should be in place so that all files contain a priority rating system.

Effect: By not preparing a priority rating system, unqualified projects may be approved when there are qualified projects not being done.

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

Finding 2003IC-5 Grant No. A-C-00-293-2, Year Ended December 31, 2003

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

Criteria: Internal controls should be in place so that all files contain summary of anticipated income and income documentation in each file.

Effect: By not having a summary of anticipated income and copies of income documentation on file, unqualified projects may be approved when there are qualified projects not being done.

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

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 SECTION .315c**

**CITY OF NEWARK
LICKING COUNTY
DECEMBER 31, 2003**

1. Finding 2003-1 through Finding 2003-10

Planned Corrective Action - The City has placed those in charge of the HOME Investment Partnership Grant on paid administrative leave while the City performs a internal investigation into the program. The City has had the Department of Housing and Urban Development perform a review and are awaiting their final report. All compliance and internal control issues will be addressed when all investigations are completed. At that time, the City will take appropriate action to correct all findings and internal control issues that are reported and take any legal action that they feel are required based on those reports.

Anticipated Completion Date - December 31, 2004 or whenever all investigations are complete.

2. Finding 2003-1

Planned Corrective Action - The City will make sure that all contracts are signed by homeowner and contractor.

Anticipated Completion Date - December 31, 2004 or whenever all investigations are complete.

3. Finding 2003-2

Planned Corrective Action - When the low bidder is not the bid accepted, the City will make sure that proper documentation is on file stating why the low bid was not accepted.

Anticipated Completion Date - December 31, 2004 or whenever all investigations are complete.

4. Finding 2003-3

Planned Corrective Action - The City will make sure that all payments are made from approved invoices.

Anticipated Completion Date - December 31, 2004 or whenever all investigations are complete.

5. Finding 2003-4

Planned Corrective Action - The City will monitor interest earned.

Anticipated Completion Date - December 31, 2004 or whenever all investigations are complete.

6. Finding 2003-5

Planned Corrective Action - The City will maintain the proper documentation of eligibility in all files.

Anticipated Completion Date - December 31, 2004

CORRECTIVE ACTION PLAN (continued)
OMB CIRCULAR A-133 SECTION .315c

CITY OF NEWARK
LICKING COUNTY
DECEMBER 31, 2003

7. Finding 2003-6

Planned Corrective Action - When applicable, documentation of emergency procurement procedures for additional costs will be kept on file.

Anticipated Completion Date - December 31, 2004 or whenever all investigations are complete.

8. Finding 2003-7

Planned Corrective Action - The City will try to always have clearance from the Ohio Historical Preservation Office when applicable.

Anticipated Completion Date - December 31, 2004 or whenever all investigations are complete.

9. Finding 2003-8

Planned Corrective Action - The City will try to always get three bids for a project. If that is not possible, the City will maintain in all files the signed affidavit from the homeowner stating they waived the three bidder rule.

Anticipated Completion Date - December 31, 2004

10. Finding 2003-9

Planned Corrective Action - The City will go through mortgages and update those that need updated to within the proper amounts. All future mortgages will be within the \$1,000 requirement.

Anticipated Completion Date - December 31, 2005

11. Finding 2003-10

Anticipated Corrective Action - All future contracts will contain a signed client satisfaction form and have proof of homeowners hazard insurance.

Anticipated Completion Date - As new projects are entered into.

12. Responsible Contact Person - Mayor Bruce Bain, City of Newark

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Licking County, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2003



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2003

Prepared by the Auditor's Office

Stephen E. Johnson
City Auditor



TABLE OF CONTENTS

CITY OF NEWARK
LICKING COUNTY, OHIO

I INTRODUCTORY SECTION

A Letter of Transmittal v
B List of Principal Officials xvi
C City Organizational Chart xvii
D Certificate of Achievement for Excellence in Financial Reporting..... xviii

II FINANCIAL SECTION

A Independent Auditors' Report..... 1
B Management's Discussion and Analysis..... 3
C Basic Financial Statements:
 Government-wide Financial Statements:
 Statement of Net Assets 13
 Statement of Activities 14
 Fund Financial Statements:
 Governmental Funds:
 Balance Sheet 16
 Reconciliation of Total Governmental Fund Balances to Net Assets of
 Governmental Activities 17
 Statement of Revenues, Expenditures and Changes in Fund Balances 18
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances to the Statement of Activities..... 19
 Statement of Revenues, Expenditures and Changes in Fund Balance
 (Budget and Actual):
 General Fund 20
 Income Tax Fund 21
 Community Development Fund..... 22
 Proprietary Funds:
 Statement of Net Assets 23
 Statement of Revenues, Expenses and Changes in Fund Net Assets 24
 Statement of Cash Flows 25
 Fiduciary Funds:
 Statement of Net Assets 26
Notes to the Basic Financial Statements..... 27

D Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Financial Statements:

Combining Balance Sheet.....	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	61
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	66
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	72

Individual Schedules of Revenues, Expenditures and Changes in Fund Balance (Budget and Actual):

Major Governmental Funds:

<i>General Fund</i>	74
<i>Special Revenue Funds:</i>	
Income Tax Fund.....	81
Community Development Fund.....	82
<i>Capital Projects Fund:</i>	
Capital Improvement Fund.....	83

Nonmajor Governmental Funds:

Street Department Fund.....	84
Cemetery Fund.....	85
Parks and Recreation Fund.....	86
Traffic Control Fund.....	88
Compost Facility Fund.....	89
Veterans Memorial Sidewalk Fund.....	90
Police Grant Fund.....	91
Police/Fire Pension Fund.....	92
Cemetery Rental Fund.....	93
State Highway Fund.....	94
Law Enforcement Fund.....	95

Nonmajor Governmental Funds: (Continued)

Traffic Safety Fund	96
Court Computerization Fund.....	97
Broadcast Fund.....	98
Permissive License Tax Fund.....	99
Probation Grant Fund	100
Impound Fund	101
Federal Transit Administration Fund	102
Litter Grant Fund.....	103
Federal Emergency Management Act (FEMA) Fund	104
Mary E. Barnes Trust Fund	105
 <i>Debt Service Fund:</i>	
Debt Service Fund	106
 <i>Capital Projects Funds:</i>	
City Hall Upgrade Fund	107
Deo Drive Improvement Fund.....	108
Bikeway Upgrade Fund.....	109
East Main Street Bridge Replacement Fund.....	110
Court Capital Improvement Fund.....	111
Tax Increment Financing Fund	112
 <i>Permanent Fund:</i>	
Cemetery Endowment Fund.....	113
 Fiduciary Funds – Agency Funds:	
Combining Statement of Changes in Assets and Liabilities	115
 Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Source.....	117
Schedule by Function and Activity.....	118
Schedule of Changes by Function and Activity.....	120

III

STATISTICAL SECTION

General Governmental Expenditures by Function - Last Ten Years S 2
General Governmental Revenues by Source - Last Ten Years..... S 3
Property Tax Levies and Collections - Last Ten Years S 4
Tangible Tax Collected- Last Ten Years S 5
Assessed Valuations and Estimated True Values of Taxable
Property - Last Ten Years..... S 6
Property Tax Rates - Direct and Overlapping Governments - Last Ten Years S 7
Special Assessment Billings and Collections - Last Ten Years S 8
Computation of Legal Debt Margin S 9
Computation of All Direct and Overlapping General Obligation Bonded Debt S 10
Demographic Statistics - Last Ten Years S 11
Property Value and Construction Permits - Last Ten Years..... S 12
Principal Taxpayers (Property Tax) S 13
Principal Employers S 14
Miscellaneous Statistics..... S 15

INTRODUCTORY SECTION





CITY OF NEWARK

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

phone (740) 349-6608

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August 23, 2004

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, 2003. The report has been prepared in accordance with generally accepted accounting principles established by statements of the Governmental Accounting Standards Board (GASB), other authoritative pronouncements and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

INTRODUCTION

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

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

The Report:

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

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

***Letter of Transmittal
For the Year Ended December 31, 2003***

The Reporting Entity:

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

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

Historical Information:

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

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

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

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

CITY OF NEWARK, OHIO

Letter of Transmittal For the Year Ended December 31, 2003

Form of Government:

Statutory

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

City Charter

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

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

Location:

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

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

***Letter of Transmittal
For the Year Ended December 31, 2003***

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

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

Municipal Services:

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

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

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

ECONOMIC OUTLOOK

Local Economy:

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

***Letter of Transmittal
For the Year Ended December 31, 2003***

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.

CITY OF NEWARK, OHIO

Letter of Transmittal For the Year Ended December 31, 2003

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 opened in January of 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 2003, 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.

CITY OF NEWARK, OHIO

Letter of Transmittal For the Year Ended December 31, 2003

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 2003, 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.

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.

***Letter of Transmittal
For the Year Ended December 31, 2003***

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

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

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

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

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

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

Cash Management:

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

CITY OF NEWARK, OHIO

**Letter of Transmittal
For the Year Ended December 31, 2003**

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, 2003 as follows:

Cash Resources *	2003	%
Cash	\$7,509,876	28%
Certificates of Deposit	10,519,119	38%
STAR Ohio	3,586,502	13%
Repurchase Agreement	1,488,512	5%
Investments/Mutual Funds	4,514,468	16%
Total Resources	<u>\$27,618,477</u>	<u>100%</u>

2003

A 3D pie chart titled '2003' showing the distribution of cash resources. The chart is divided into five segments: a large purple segment (38%) for Certificates of Deposit, a blue segment (28%) for Cash, a yellow segment (16%) for Investments/Mutual Funds, a green segment (13%) for STAR Ohio, and a small red segment (5%) for Repurchase Agreement.

*Does not include Cash with Fiscal Agent

At December 31, 2003, the bank balance of the City's deposits was \$18,826,519 of which \$615,000 was insured by Federal Depository Insurance and the remaining balance was collateralized by pooled collateral. The Ohio Revised Code requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements," collateral held in single financial institution collateral pools with securities being held by the pledging financial institution's agent in the pool's name are classified as Category 3.

Risk Management:

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

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

***Letter of Transmittal
For the Year Ended December 31, 2003***

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

Awards:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Newark, Ohio for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2002. 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 twelve consecutive years (1991 - 2002). We believe this current report continues to conform to the Certificate of Achievement for Excellence in Financial Reporting program requirements and are submitting it to the GFOA.

Public Disclosure

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

***Letter of Transmittal
For the Year Ended December 31, 2003***

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.

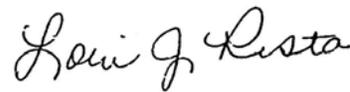
Respectfully,



Stephen E. Johnson
City Auditor



Patricia J. Willis
Budget Analyst



Lori J. Resta
Deputy City Auditor

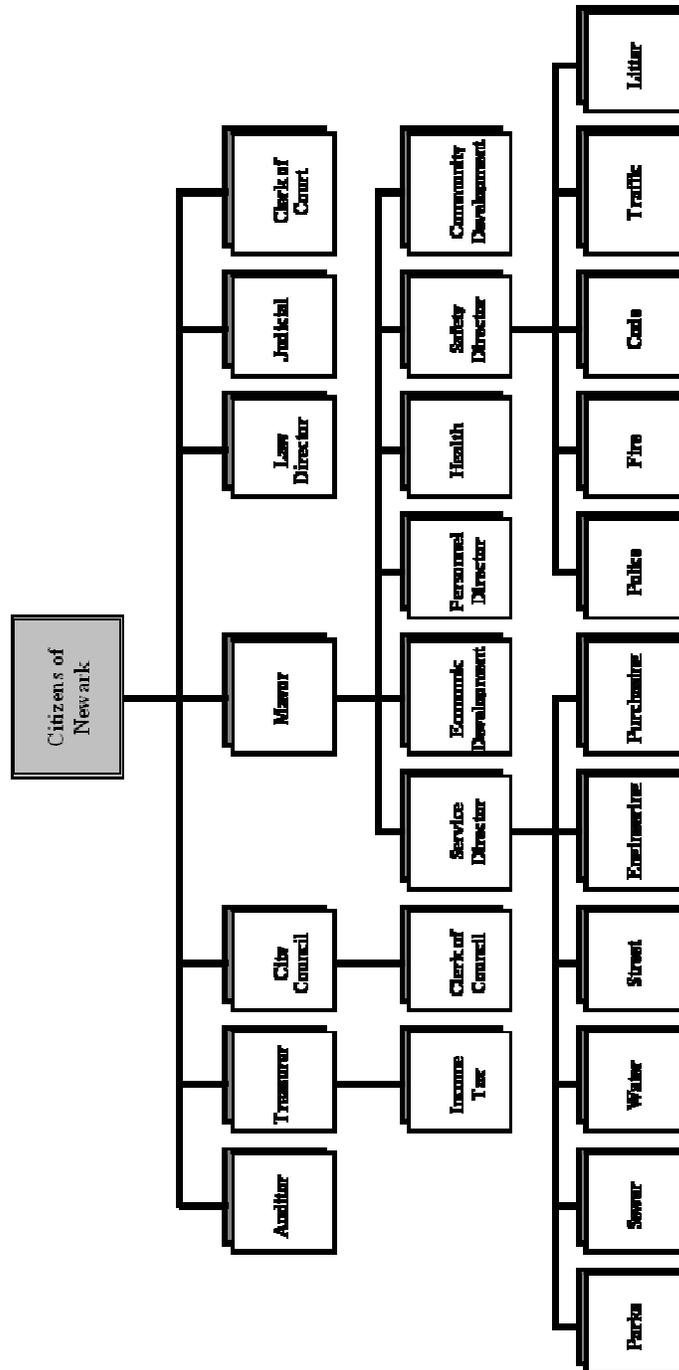
CITY OF NEWARK, OHIO

***List of Principal Officials
For the Year Ended December 31, 2003***

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY DATA</u>		
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			
W. David Branstool	Judge	11/26/03 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	01/01/02 to 12/31/05			
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

City Organizational Chart
For the Year Ended December 31, 2003



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, 2002

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.



President

Executive Director

FINANCIAL SECTION



WOLFE, WILSON, & PHILLIPS, INC.

CERTIFIED PUBLIC ACCOUNTANTS

37 S. SEVENTH STREET • ZANESVILLE, OHIO 43701

(740) 453-9600 • FAX - (740) 453-9763

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The City of Newark as of and for the year ended December 31, 2003, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newark as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund and each major fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the City of Newark has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management Discussion and Analysis-for State and Local Governments* as of December 31, 2003. The City has also adopted GASB Statements Nos. 37, and 38, and Interpretation No. 6 for the year ending December 31, 2003.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 18, 2004, on our consideration of the City of Newark's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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.

The management's discussion and analysis on pages 3 through 12, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

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

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

Wolfe, Wilson, & Phillips, Inc.

Zanesville, Ohio
August 18, 2004

The discussion and analysis of the City of Newark's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2003. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2003 are as follows:

- ❑ In total, net assets increased \$2,538,642. Net assets of governmental activities increased \$3,485,442, which represents a 20.8% increase from 2002. Net assets of business-type activities decreased \$946,800 or 3.5% from 2002.
- ❑ General revenues accounted for \$27,181,790 in revenue or 53.8% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$23,341,539, or 46.2% of total revenues of \$50,523,329.
- ❑ The City had \$36,535,556 in expenses related to governmental activities; only \$12,605,158 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$27,181,790 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$25,648,934 in revenues and other financing sources and \$26,758,197 in expenditures and other financing uses. The general fund's fund balance declined from \$3,314,393 to \$2,187,104.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

This is the first year for government-wide financial statements using the full accrual basis of accounting, therefore a comparison with prior year's information is not available. A comparative analysis will be provided in future years when prior year's information is available.

	Governmental Activities	Business-type Activities	Total
	2003	2003	2003
Current and other assets	\$35,015,879	\$9,747,067	\$44,762,946
Capital assets, Net	13,075,320	36,451,098	49,526,418
Total assets	48,091,199	46,198,165	94,289,364
Long-term debt outstanding	18,920,075	19,356,082	38,276,157
Other liabilities	8,945,222	1,037,559	9,982,781
Total liabilities	27,865,297	20,393,641	48,258,938
Net assets			
Invested in capital assets, net of related debt	6,807,464	17,091,247	23,898,711
Restricted	19,007,739	0	19,007,739
Unrestricted	(5,589,301)	8,713,277	3,123,976
Total net assets	\$20,225,902	\$25,804,524	\$46,030,426

CITY OF NEWARK, OHIO**Management's Discussion and Analysis
For the Year Ended December 31, 2003****Unaudited**

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

	Governmental Activities	Business-type Activities	Total
	2003	2003	2003
Revenues			
Program revenues:			
Charges for Services and Sales	\$4,939,957	\$10,736,381	\$15,676,338
Operating Grants and Contributions	4,059,634		4,059,634
Capital Grants and Contributions	3,605,567	0	3,605,567
General revenues:			
Property Taxes	2,842,328	0	2,842,328
Income Taxes	17,760,950	0	17,760,950
Shared Revenues	5,592,295	0	5,592,295
Investment Earnings	363,604	0	363,604
Miscellaneous	622,613	0	622,613
Total revenues	39,786,948	10,736,381	50,523,329
Program Expenses			
Security of Persons and Property	17,393,870	0	17,393,870
Leisure Time Activities	834,761	0	834,761
Community Environment	2,774,565	0	2,774,565
Public Health and Welfare Services	2,680,401	0	2,680,401
Transportation	3,557,307	0	3,557,307
General Government	8,922,846	0	8,922,846
Debt Service:			
Interest and Fiscal Charges	371,806	0	371,806
Water	0	6,419,205	6,419,205
Sewer	0	5,029,926	5,029,926
Total expenses	36,535,556	11,449,131	47,984,687
Change in Net Assets before transfers	3,251,392	(712,750)	2,538,642
Transfers	234,050	(234,050)	0
Total Change in Net Assets	3,485,442	(946,800)	2,538,642
Beginning Net Assets	16,740,460	26,751,324	43,491,784
Ending Net Assets	\$20,225,902	\$25,804,524	\$46,030,426

Governmental Activities

Net assets of the City's governmental activities increased \$3,485,442. This represents a 21% change from 2002. This large increase was the result of capital asset acquisitions that were donated to the City.

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

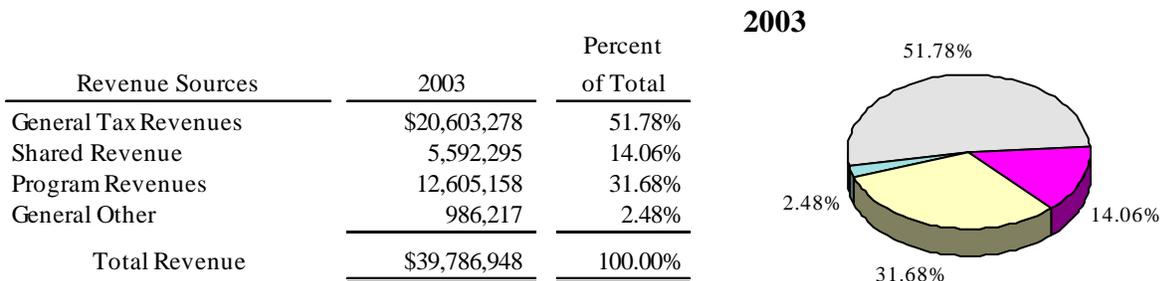
CITY OF NEWARK, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2003**

Unaudited

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

Income taxes and property taxes made up 48.7% and 7.8% respectively of revenues for governmental activities for the City in fiscal year 2003. The City's reliance upon tax revenues is demonstrated by the following graph indicating 56.47% of total revenues from general tax revenues:



Business-Type Activities

Net assets of the business-type activities decreased by \$946,800. This decrease was the result of a large increase in expenses paid for purchased services.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$15,494,266, which is an increase from last year's balance of \$5,126,440. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2003 and 2002:

	Fund Balance December 31, 2003	Fund Balance December 31, 2002	Increase (Decrease)
General	\$2,187,104	\$3,314,393	(\$1,127,289)
Income Tax	2,562,811	1,685,011	877,800
Community Development	174,172	328,994	(154,822)
Capital Improvement	10,350,326	14,004	10,336,322
Other Governmental	219,853	(215,962)	435,815
Total	\$15,494,266	\$5,126,440	\$10,367,826

CITY OF NEWARK, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2003**

Unaudited

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

	2003 <u>Revenues</u>	2002 <u>Revenues</u>	Increase <u>(Decrease)</u>
Taxes	\$2,089,612	\$1,894,024	\$195,588
Intergovernmental Revenue	4,747,611	4,599,918	147,693
Charges for Services	344,627	232,794	111,833
Licenses and Permits and Fees	1,555,806	1,612,439	(56,633)
Investment Earnings	189,576	391,070	(201,494)
Fines and Forfeitures	1,613,322	1,495,109	118,213
All Other Revenue	204,125	106,187	97,938
Total	<u>\$10,744,679</u>	<u>\$10,331,541</u>	<u>\$413,138</u>

General Fund revenues in 2003 increased approximately 3.9% compared to revenues in fiscal year 2002. A decrease in interest rates contributed to lower earnings on investments. Increases in services provided by the health department resulted in an increase in charges for services. In addition, all other revenues increased as a result of zoning certificates issued and donations received.

	2003 <u>Expenditures</u>	2002 <u>Expenditures</u>	Increase <u>(Decrease)</u>
Security of Persons and Property	\$15,988,060	\$13,210,344	\$2,777,716
Public Health and Welfare Services	2,165,425	1,912,698	252,727
Community Environment	1,241,366	1,192,755	48,611
General Government	6,009,806	6,112,894	(103,088)
Total	<u>\$25,404,657</u>	<u>\$22,428,691</u>	<u>\$2,975,966</u>

General Fund expenditures increased by \$2,975,966 or 13.3% over the prior year. The majority of this increase can be attributed to large capital outlays for vehicle purchases as well as salary increases within the police and fire departments.

	2003 <u>Other Financing Sources (Uses)</u>	2002 <u>Other Financing Sources (Uses)</u>	Increase <u>(Decrease)</u>
Sale of Capital Assets	\$22,192	\$14,447	\$7,745
Transfers In	14,882,063	15,296,484	(414,421)
Transfers Out	(1,353,540)	(1,584,182)	230,642
Total	<u>\$13,550,715</u>	<u>\$13,726,749</u>	<u>(\$176,034)</u>

CITY OF NEWARK, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2003**

Unaudited

Income Tax Fund – The City's Income Tax Fund balance increased \$877,800. This was the result of increases in income tax received by the City during fiscal year 2003.

Community Development Fund – The Community Development Fund balance decreased nearly 50% during 2003. This decrease in fund balance was the result of increases in purchased services.

Capital Improvement Fund - The City's Capital Improvement Fund reported a very large increase in fund balance. This increase was the result of proceeds received from the issuance of general obligation bonds.

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

During the course of fiscal year 2003 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$10,819,521 was slightly higher than the original budget estimates of \$10,487,566. This was the result of increases in the amount of property tax received. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2003 the City had \$49,526,418 net of accumulated depreciation invested in land, buildings, equipment and vehicles. Of this total, \$13,075,320 was related to governmental activities and \$36,451,098 to the business-type activities. The following table shows fiscal year 2002 and 2001 balances:

	Governmental Activities		Increase (Decrease)
	2003	2002	
Land	\$830,938	\$830,938	\$0
Construction In Progress	1,119,028	387,469	731,559
Buildings	6,954,591	6,948,423	6,168
Improvements Other than Buildings	4,038,728	4,038,728	0
Infrastructure	2,918,445	0	2,918,445
Machinery and Equipment	12,502,173	11,796,997	705,176
Less: Accumulated Depreciation	(15,288,583)	(14,347,790)	(940,793)
Totals	<u>\$13,075,320</u>	<u>\$9,654,765</u>	<u>\$3,420,555</u>

CITY OF NEWARK, OHIO**Management's Discussion and Analysis
For the Year Ended December 31, 2003****Unaudited**

The primary increases occurred in infrastructure and construction in progress, a combination of streets donated by developers and street projects the City is constructing.

	Business-Type Activities		Increase (Decrease)
	2003	2002	
Land	\$170,500	\$170,500	\$0
Buildings and Improvements	27,336,500	27,336,500	0
Infrastructure	7,449,528	7,449,528	0
Machinery and Equipment	32,809,151	32,688,565	120,586
Construction in Progress	1,198,275	1,950	1,196,325
Less: Accumulated Depreciation	(32,512,856)	(30,083,872)	(2,428,984)
Totals	<u>\$36,451,098</u>	<u>\$37,563,171</u>	<u>(\$1,112,073)</u>

The primary increase occurred in construction in progress, which is the result of an ongoing water plant project. Additional information on the City's capital assets can be found in Note 9.

Debt

At December 31, 2003, the City had \$25,307,297 in bonds outstanding, \$1,157,355 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2003 and 2002:

	2003	2002
Governmental Activities:		
General Obligation Bonds	\$13,769,991	\$2,885,000
Special Assessment Bonds	85,000	105,000
Capital Leases	173,021	310,923
Accrued Pension Liability	2,157,690	2,189,956
Compensated Absences	2,734,373	2,663,020
Total Governmental Activities	<u>18,920,075</u>	<u>8,153,899</u>
Business-Type Activities:		
General Obligation Bonds	\$11,537,306	\$12,705,888
OWDA Loans	7,172,421	7,675,584
Compensated Absences	646,355	594,715
Total Business-Type Activities	<u>19,356,082</u>	<u>20,976,187</u>
Totals	<u>\$38,276,157</u>	<u>\$29,130,086</u>

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total assessed value of property. At December 31, 2003, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 12.

ECONOMIC FACTORS

The economy of the city of Newark has historically had a manufacturing base. This has caused a decline during recessionary periods. In recent years, attempts have been made to diversify so economic fluctuations do not have a drastic impact.

The north side of Newark has seen rapid retail development during 2003. A Tax Increment Finance (T.I.F.) district was created to aid in this development by allowing infrastructure and road improvements. Plans are underway to expand the T.I.F. district to allow for continued growth.

While the city has experienced a general decline in manufacturing jobs over the past decade, the county has realized a gain in this area. Two major industrial parks are located just outside the city limits and are responsible for growth in not only manufacturing jobs but service jobs as well. The unemployment rate in the area remains under the national average.

The city's operating budget has been affected by the recession and economic uncertainty. To balance the budget, capital improvement funds were needed for general operating expenses thus causing delays in capital projects. However, the 2004 budget contains funding for a major street paving campaign. The city income tax was increased by the voters to allow for a police station to be built and construction of a replacement fire station. Both are to be completed during 2003. The 2004 budget is projected to increase by approximately 5 percent.

REQUESTS FOR INFORMATION

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

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



CITY OF NEWARK, OHIO

**Statement of Net Assets
December 31, 2003**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 6,952,151	\$ 5,235,574	\$ 12,187,725
Investments	12,283,993	2,200,933	14,484,926
Receivables:			
Taxes	5,537,049	0	5,537,049
Accounts	288,800	1,180,041	1,468,841
Intergovernmental	5,415,485	0	5,415,485
Interest	59,028	941	59,969
Special Assessments	239,972	0	239,972
Loans	3,475,954	0	3,475,954
Internal Balances	(487,435)	487,435	0
Inventory of Supplies at Cost	283,885	493,744	777,629
Prepaid Items	50,483	24,011	74,494
Deferred Charge	0	110,331	110,331
Restricted Assets:			
Cash and Cash Equivalents	367,853	0	367,853
Cash and Cash Equivalents with Fiscal Agent	0	14,057	14,057
Investments	548,661	0	548,661
Capital Assets, net	13,075,320	36,451,098	49,526,418
Total Assets	48,091,199	46,198,165	94,289,364
Liabilities:			
Accounts Payable	966,049	505,255	1,471,304
Accrued Wages and Benefits	1,832,514	206,604	2,039,118
Intergovernmental Payable	80,922	0	80,922
Retainage Payable	45,044	0	45,044
Matured Bonds & Interest Payable	0	14,057	14,057
Deferred Revenue	2,637,856	0	2,637,856
Accrued Interest Payable	118,837	311,643	430,480
General Obligation Notes Payable	3,264,000	0	3,264,000
Noncurrent liabilities:			
Due within one year	1,953,803	1,419,010	3,372,813
Due in more than one year	16,966,272	17,937,072	34,903,344
Total Liabilities	27,865,297	20,393,641	48,258,938
Net Assets:			
Invested in Capital Assets, Net of Related Debt	6,807,464	17,091,247	23,898,711
Restricted For:			
Capital Projects	7,736,932	0	7,736,932
Debt Service	188,203	0	188,203
Other Purposes	11,082,604	0	11,082,604
Unrestricted (Deficit)	(5,589,301)	8,713,277	3,123,976
Total Net Assets	\$ 20,225,902	\$ 25,804,524	\$ 46,030,426

See accompanying notes to the basic financial statements

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CITY OF NEWARK, OHIO

**Statement of Activities
For the Year Ended December 31, 2003**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 17,393,870	\$ 1,765,820	\$ 721,400	\$ 0
Leisure Time Activities	834,761	329,323	0	919,022
Community Environment	2,774,565	260,582	1,423,873	0
Public Health and Welfare Services	2,680,401	775,763	746,498	0
Transportation	3,557,307	367,474	1,167,863	2,686,545
General Government	8,922,846	1,440,995	0	0
Interest and Fiscal Charges	371,806	0	0	0
Total Governmental Activities	36,535,556	4,939,957	4,059,634	3,605,567
Business-Type Activities:				
Water	6,419,205	5,671,764	0	0
Sewer	5,029,926	5,064,617	0	0
Total Business-Type Activities	11,449,131	10,736,381	0	0
Totals	\$ 47,984,687	\$ 15,676,338	\$ 4,059,634	\$ 3,605,567

General Revenues

Property Taxes Levied for:

General Purposes

Income Tax

Shared Revenues

Investment Earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (14,906,650)	\$ 0	\$ (14,906,650)
413,584	0	413,584
(1,090,110)	0	(1,090,110)
(1,158,140)	0	(1,158,140)
664,575	0	664,575
(7,481,851)	0	(7,481,851)
(371,806)	0	(371,806)
<u>(23,930,398)</u>	<u>0</u>	<u>(23,930,398)</u>
0	(747,441)	(747,441)
<u>0</u>	<u>34,691</u>	<u>34,691</u>
<u>0</u>	<u>(712,750)</u>	<u>(712,750)</u>
<u>(23,930,398)</u>	<u>(712,750)</u>	<u>(24,643,148)</u>
2,842,328	0	2,842,328
17,760,950	0	17,760,950
5,592,295	0	5,592,295
363,604	0	363,604
622,613	0	622,613
<u>234,050</u>	<u>(234,050)</u>	<u>0</u>
<u>27,415,840</u>	<u>(234,050)</u>	<u>27,181,790</u>
3,485,442	(946,800)	2,538,642
<u>16,740,460</u>	<u>26,751,324</u>	<u>43,491,784</u>
<u>\$ 20,225,902</u>	<u>\$ 25,804,524</u>	<u>\$ 46,030,426</u>

CITY OF NEWARK, OHIO

**Balance Sheet
Governmental Funds
December 31, 2003**

	General	Income Tax	Community Development	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash and Cash Equivalents	\$ 182,845	\$ 56,136	\$ 241,902	\$ 1,077,574	\$ 2,034,040	\$ 3,592,497
Investments	1,630,635	511,407	0	9,816,862	325,089	12,283,993
Receivables:						
Taxes	2,524,978	2,550,019	0	0	462,052	5,537,049
Accounts	112,592	0	5,458	0	161,372	279,422
Intergovernmental	1,670,962	0	1,581,826	12,829	2,149,868	5,415,485
Interest	46,599	0	197	9,112	3,120	59,028
Special Assessments	0	0	0	0	239,972	239,972
Loans	0	0	3,475,954	0	0	3,475,954
Interfund Loans Receivables	1,289,810	0	0	0	0	1,289,810
Inventory of Supplies, at Cost	59,310	0	0	0	224,575	283,885
Prepaid Items	39,271	0	174	3,147	7,891	50,483
Restricted Assets:						
Cash and Cash Equivalents	0	0	0	0	367,853	367,853
Investments	0	0	0	0	548,661	548,661
Total Assets	\$ 7,557,002	\$ 3,117,562	\$ 5,305,511	\$ 10,919,524	\$ 6,524,493	\$ 33,424,092
Liabilities:						
Accounts Payable	\$ 544,390	\$ 15,535	\$ 52,470	\$ 126,094	\$ 226,792	\$ 965,281
Accrued Wages and Benefits Payable	1,246,872	28,074	21,089	0	140,476	1,436,511
Intergovernmental Payable	78,796	0	0	1,281	845	80,922
Retainage Payable	0	0	0	45,044	0	45,044
Interfund Loans Payable	0	0	0	0	1,289,810	1,289,810
Deferred Revenue	3,499,840	511,142	5,057,780	12,829	1,731,145	10,812,736
Accrued Interest Payable	0	0	0	3,950	31,572	35,522
General Obligation Notes Payable	0	0	0	380,000	2,884,000	3,264,000
Total Liabilities	5,369,898	554,751	5,131,339	569,198	6,304,640	17,929,826
Fund Balances:						
Reserved for Encumbrances	1,296,482	50,518	659,959	3,505,696	2,062,097	7,574,752
Reserved for Prepaid Items	39,271	0	174	3,147	11,516	54,108
Reserved for Supplies Inventory	59,310	0	0	0	359,002	418,312
Reserved for Debt Service	0	0	0	0	17,864	17,864
Reserved for Loans Receivable	0	0	3,228,961	0	0	3,228,961
Reserved for Endowments	0	0	0	0	575,856	575,856
Undesignated, Unreserved in:						
General Fund	792,041	0	0	0	0	792,041
Special Revenue Funds	0	2,512,293	(3,714,922)	0	1,027,169	(175,460)
Capital Projects Funds (Deficit)	0	0	0	6,841,483	(3,833,651)	3,007,832
Total Fund Balances	2,187,104	2,562,811	174,172	10,350,326	219,853	15,494,266
Total Liabilities and Fund Balances	\$ 7,557,002	\$ 3,117,562	\$ 5,305,511	\$ 10,919,524	\$ 6,524,493	\$ 33,424,092

See accompanying notes to the basic financial statements

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2003***

Total Governmental Fund Balances \$ 15,494,266

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

Capital Assets used in governmental activities are not resources and therefore are not reported in the funds. 13,075,320

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. 8,174,880

Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 2,484,826

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

General Obligation Bonds Issued	(13,769,991)	
Special Assessment Bonds Payable	(85,000)	
Capital Leases	(173,021)	
Accrued Pension Liability	(2,157,690)	
Compensated Absences Payable	(2,734,373)	
Accrued Interest Payable	(83,315)	
	<u> </u>	(19,003,390)

Net Assets of Governmental Activities \$ 20,225,902

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2003**

	General	Income Tax	Community Development	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 2,089,612	\$ 17,747,808	\$ 0	\$ 0	\$ 746,924	\$ 20,584,344
Intergovernmental Revenues	4,747,611	0	1,084,462	79,059	4,593,973	10,505,105
Charges for Services	344,627	0	0	0	813,534	1,158,161
Licenses, Permits and Fees	1,555,806	0	0	0	168,361	1,724,167
Investment Earnings	189,576	0	2,497	151,055	20,476	363,604
Special Assessments	0	0	0	0	43,758	43,758
Fines and Forfeitures	1,613,322	0	0	0	145,083	1,758,405
All Other Revenue	204,125	5,893	278,446	36,294	97,855	622,613
Total Revenue	10,744,679	17,753,701	1,365,405	266,408	6,629,964	36,760,157
Expenditures:						
Current:						
Security of Persons and Property	15,988,060	0	0	0	1,029,176	17,017,236
Public Health and Welfare Services	2,165,425	0	0	0	425,843	2,591,268
Leisure Time Activities	0	0	0	0	753,238	753,238
Community Environment	1,241,366	0	1,493,167	0	165,296	2,899,829
Transportation	0	0	0	0	3,266,226	3,266,226
General Government	6,009,806	921,085	25,451	0	140,894	7,097,236
Capital Outlay	0	0	0	2,577,276	919,095	3,496,371
Debt Service:						
Principal Retirement	0	0	0	0	130,000	130,000
Interest & Fiscal Charges	0	0	0	128,772	202,285	331,057
Total Expenditures	25,404,657	921,085	1,518,618	2,706,048	7,032,053	37,582,461
Excess (Deficiency) of Revenues Over Expenditures	(14,659,978)	16,832,616	(153,213)	(2,439,640)	(402,089)	(822,304)
Other Financing Sources (Uses):						
Sale of Capital Assets	22,192	0	0	0	35,900	58,092
General Obligation Bonds Issued	0	0	0	10,994,991	0	10,994,991
Transfers In	14,882,063	0	9,068	1,801,722	1,822,114	18,514,967
Transfers Out	(1,353,540)	(15,954,816)	(10,677)	(20,751)	(968,133)	(18,307,917)
Total Other Financing Sources (Uses)	13,550,715	(15,954,816)	(1,609)	12,775,962	889,881	11,260,133
Net Change in Fund Balances	(1,109,263)	877,800	(154,822)	10,336,322	487,792	10,437,829
Fund Balances at Beginning of Year	3,314,393	1,685,011	328,994	14,004	(215,962)	5,126,440
Decrease in Inventory Reserve	(18,026)	0	0	0	(51,977)	(70,003)
Fund Balances End of Year	\$ 2,187,104	\$ 2,562,811	\$ 174,172	\$ 10,350,326	\$ 219,853	\$ 15,494,266

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For the Year Ended December 31, 2003***

Net Change in Fund Balances - Total Governmental Funds \$ 10,437,829

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

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

Capital Outlay	1,842,236	
Depreciation Expense	<u>(1,107,110)</u>	735,126

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

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		2,686,545
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The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets.	<u>(1,116)</u>	2,685,429
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		340,246
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The issuance of long-term debt (e.g. notes, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

General Obligation Bonds Issued		(10,994,991)
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Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

General Obligation Bond Principal Payment	110,000	
Special Assessment Bond Principal Payment	20,000	
Capital Lease Principal Payment	137,902	
Pension Liability Principal Payment	<u>32,266</u>	300,168

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(40,749)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated Absences	(71,353)	
Change in Inventory	<u>(70,003)</u>	(141,356)

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

163,740

<i>Change in Net Assets of Governmental Activities</i>		<u><u>\$ 3,485,442</u></u>
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See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,854,960	\$ 2,003,572	\$ 2,089,612	\$ 86,040
Intergovernmental Revenues	4,468,441	4,561,913	4,799,362	237,449
Charges for Services	244,202	329,073	340,268	11,195
Licenses, Permits and Fees	1,625,788	1,630,788	1,558,590	(72,198)
Investment Earnings	353,000	353,000	254,284	(98,716)
Fines and Forfeitures	1,795,000	1,795,000	1,509,231	(285,769)
All Other Revenues	146,175	146,175	203,973	57,798
Total Revenues	<u>10,487,566</u>	<u>10,819,521</u>	<u>10,755,320</u>	<u>(64,201)</u>
Expenditures:				
Security of Persons and Property	17,597,159	17,643,898	16,382,056	1,261,842
Public Health and Welfare Services	2,378,775	2,481,435	2,227,854	253,581
Community Environment	1,349,778	1,349,780	1,260,961	88,819
General Government	6,827,073	6,919,388	6,598,513	320,875
Total Expenditures	<u>28,152,785</u>	<u>28,394,501</u>	<u>26,469,384</u>	<u>1,925,117</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,665,219)	(17,574,980)	(15,714,064)	1,860,916
Other Financing Sources (Uses):				
Sale of Capital Assets	22,000	22,000	22,192	192
Transfers In	32,882,279	32,940,013	31,428,043	(1,511,970)
Transfers Out	(19,259,723)	(19,254,798)	(17,899,520)	1,355,278
Advances In	0	820,000	820,000	0
Advances Out	0	(1,289,810)	(1,289,810)	0
Total Other Financing Sources (Uses)	<u>13,644,556</u>	<u>13,237,405</u>	<u>13,080,905</u>	<u>(156,500)</u>
Net Change in Fund Balances	(4,020,663)	(4,337,575)	(2,633,159)	1,704,416
Fund Balance at Beginning of Year	2,422,930	2,422,930	2,422,930	0
Prior Year Encumbrances	762,344	762,344	762,344	0
Fund Balance at End of Year	<u>\$ (835,389)</u>	<u>\$ (1,152,301)</u>	<u>\$ 552,115</u>	<u>\$ 1,704,416</u>

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Income Tax Fund
For the Year Ended December 31, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 17,485,000	\$ 17,485,000	\$ 17,371,837	\$ (113,163)
All Other Revenues	<u>0</u>	<u>0</u>	<u>5,832</u>	<u>5,832</u>
Total Revenues	<u>17,485,000</u>	<u>17,485,000</u>	<u>17,377,669</u>	<u>(107,331)</u>
Expenditures:				
General Government	<u>1,025,331</u>	<u>1,044,216</u>	<u>961,836</u>	<u>82,380</u>
Total Expenditures	<u>1,025,331</u>	<u>1,044,216</u>	<u>961,836</u>	<u>82,380</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,459,669	16,440,784	16,415,833	(24,951)
Other Financing Sources (Uses):				
Transfers Out	<u>(16,413,486)</u>	<u>(16,413,486)</u>	<u>(15,954,816)</u>	<u>458,670</u>
Total Other Financing Sources (Uses)	<u>(16,413,486)</u>	<u>(16,413,486)</u>	<u>(15,954,816)</u>	<u>458,670</u>
Net Change in Fund Balances	46,183	27,298	461,017	433,719
Fund Balance at Beginning of Year	33,721	33,721	33,721	0
Prior Year Encumbrances	<u>22,287</u>	<u>22,287</u>	<u>22,287</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 102,191</u>	<u>\$ 83,306</u>	<u>\$ 517,025</u>	<u>\$ 433,719</u>

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Community Development Fund
For the Year Ended December 31, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 3,216,461	\$ 3,255,094	\$ 1,084,462	\$ (2,170,632)
Investment Earnings	10,000	10,000	2,574	(7,426)
All Other Revenues	206,000	222,000	272,988	50,988
Total Revenues	<u>3,432,461</u>	<u>3,487,094</u>	<u>1,360,024</u>	<u>(2,127,070)</u>
Expenditures:				
Community Environment	3,306,693	3,764,368	2,186,092	1,578,276
Total Expenditures	<u>3,306,693</u>	<u>3,764,368</u>	<u>2,186,092</u>	<u>1,578,276</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	125,768	(277,274)	(826,068)	(548,794)
Other Financing Sources (Uses):				
Transfers In	0	0	9,068	9,068
Transfers Out	(1,000)	(10,677)	(10,677)	0
Total Other Financing Sources (Uses)	<u>(1,000)</u>	<u>(10,677)</u>	<u>(1,609)</u>	<u>9,068</u>
Net Change in Fund Balances	124,768	(287,951)	(827,677)	(539,726)
Fund Balance at Beginning of Year	45,737	45,737	45,737	0
Prior Year Encumbrances	363,885	363,885	363,885	0
Fund Balance at End of Year	<u>\$ 534,390</u>	<u>\$ 121,671</u>	<u>\$ (418,055)</u>	<u>\$ (539,726)</u>

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2003**

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Total	
ASSETS:				
Current assets:				
Cash and Cash Equivalents	\$ 1,686,351	\$ 3,549,223	\$ 5,235,574	\$ 3,359,654
Investments	2,200,933	0	2,200,933	0
Receivables:	0	0	0	0
Accounts	590,449	589,592	1,180,041	9,378
Interest	788	153	941	0
Inventory of Supplies at Cost	252,767	240,977	493,744	0
Prepaid Items	12,430	11,581	24,011	0
Total current assets	<u>4,743,718</u>	<u>4,391,526</u>	<u>9,135,244</u>	<u>3,369,032</u>
Noncurrent assets:				
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	352	13,705	14,057	0
Total restricted assets	<u>352</u>	<u>13,705</u>	<u>14,057</u>	<u>0</u>
Deferred Loss on Early Retirement of Debt	650,124	0	650,124	0
Deferred Charges	110,331	0	110,331	0
Capital Assets, Net	23,056,898	13,394,200	36,451,098	0
Total noncurrent assets	<u>23,817,705</u>	<u>13,407,905</u>	<u>37,225,610</u>	<u>0</u>
Total assets	<u>28,561,423</u>	<u>17,799,431</u>	<u>46,360,854</u>	<u>3,369,032</u>
LIABILITIES:				
Current liabilities:				
Accounts Payable	279,283	225,972	505,255	768
Accrued Wages and Benefits	128,163	78,441	206,604	396,003
Matured Bonds and Interest Payable	352	13,705	14,057	0
Accrued Interest Payable	51,479	260,164	311,643	0
General Obligation Bonds Payable - Current	877,355	0	877,355	0
OWDA Loans Payable - Current	0	541,655	541,655	0
Total Current Liabilities	<u>1,336,632</u>	<u>1,119,937</u>	<u>2,456,569</u>	<u>396,771</u>
Noncurrent Liabilities:				
General Obligation Bonds Payable	11,310,075	0	11,310,075	0
OWDA Loans Payable	0	6,630,766	6,630,766	0
Compensated Absences Payable	399,178	247,177	646,355	0
Total noncurrent liabilities	<u>11,709,253</u>	<u>6,877,943</u>	<u>18,587,196</u>	<u>0</u>
Total Liabilities	<u>13,045,885</u>	<u>7,997,880</u>	<u>21,043,765</u>	<u>396,771</u>
NET ASSETS:				
Invested in Capital Assets, Net of Related Debt	10,869,468	6,221,779	17,091,247	0
Unrestricted	4,646,070	3,579,772	8,225,842	2,972,261
Total Net Assets	<u>\$ 15,515,538</u>	<u>\$ 9,801,551</u>	<u>25,317,089</u>	<u>\$ 2,972,261</u>
Adjustment to reflect the consolidation of internal fund activities related to the enterprise funds.			487,435	
Net Assets of Business-type Activities			<u>\$ 25,804,524</u>	

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2003**

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Total	
Operating Revenues:				
Charges for Services	\$ 5,660,191	\$ 5,051,800	\$ 10,711,991	\$ 4,685,032
Other Operating Revenues	1,699	9,504	11,203	128,489
Total Operating Revenues	5,661,890	5,061,304	10,723,194	4,813,521
Operating Expenses:				
Personal Services	2,524,232	1,459,463	3,983,695	4,628,696
Contractual Services	2,054,970	1,036,323	3,091,293	20,973
Materials and Supplies	657,495	298,378	955,873	0
Depreciation	788,276	1,674,366	2,462,642	0
Total Operating Expenses	6,024,973	4,468,530	10,493,503	4,649,669
Operating Income (Loss)	(363,083)	592,774	229,691	163,852
Non-Operating Revenue (Expenses):				
Interest Income	9,874	3,313	13,187	0
Interest and Fiscal Charges	(376,943)	(546,646)	(923,589)	0
Loss on Disposal of Capital Assets	(370)	0	(370)	0
Other Nonoperating Expense	(44,031)	(14,750)	(58,781)	0
Total Non-Operating Revenues (Expenses)	(411,470)	(558,083)	(969,553)	0
Income (Loss) Before Operating Transfers	(774,553)	34,691	(739,862)	163,852
Transfers:				
Transfers In	712,558	0	712,558	27,000
Transfers Out	(117,025)	(829,583)	(946,608)	0
Total Transfers	(595,533)	829,583	234,050	(27,000)
Change in Net Assets	(179,020)	(794,892)	(973,912)	190,852
Net Assets Beginning of Year	15,694,558	10,596,443	26,291,001	2,781,409
Net Assets End of Year	\$ 15,515,538	\$ 9,801,551	25,317,089	\$ 2,972,261
Change in Net Assets - Total Enterprise Funds			\$ (973,912)	
Adjustment to reflect the consolidation of internal fund activities related to the enterprise funds.			27,112	
Change in Net Assets - Business-type Activities			<u>\$ (946,800)</u>	

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2003**

	Business-Type Activities Enterprise Funds			Governmental- Activities Internal Services Funds
	Water	Sewer	Totals	
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$5,660,804	\$5,061,075	\$10,721,879	\$4,804,143
Cash Payments for Goods and Services	(2,813,137)	(1,257,326)	(4,070,463)	(4,484,151)
Cash Payments to Employees	(2,561,150)	(1,470,052)	(4,031,202)	0
Net Cash Provided by Operating Activities	286,517	2,333,697	2,620,214	319,992
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers In from Other Funds	4,093,788	150,000	4,243,788	27,000
Transfers Out to Other Funds	(3,498,255)	(979,583)	(4,477,838)	0
Net Cash Provided (Used) by Noncapital Financing Activities	595,533	(829,583)	(234,050)	27,000
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Assets	(1,099,608)	(93,031)	(1,192,639)	0
Principal Paid on General Obligation Bonds	(1,220,000)	(675)	(1,220,675)	0
Principal Paid on Ohio Water Development Authority Loan	0	(503,163)	(503,163)	0
Interest Paid on All Debt	(276,228)	(589,342)	(865,570)	0
Net Cash Used for Capital and Related Financing Activities	(2,595,836)	(1,186,211)	(3,782,047)	0
<u>Cash Flows from Investing Activities:</u>				
Purchase of Investments	(2,200,933)	0	(2,200,933)	0
Receipts of Interest	9,638	3,589	13,227	0
Net Cash Provided (Used) by Investing Activities	(2,191,295)	3,589	(2,187,706)	0
Net Increase (Decrease) in Cash and Cash Equivalents	(3,905,081)	321,492	(3,583,589)	346,992
Cash and Cash Equivalents at Beginning of Year	5,591,784	3,241,436	8,833,220	3,012,662
Cash and Cash Equivalents at End of Year	\$1,686,703	\$3,562,928	\$5,249,631	\$3,359,654
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>				
Cash and Cash Equivalents	\$1,686,351	\$3,549,223	\$5,235,574	\$3,359,654
Restricted Cash with Fiscal Agent	352	13,705	14,057	0
Cash and Cash Equivalents at End of Year	\$1,686,703	\$3,562,928	\$5,249,631	\$3,359,654
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</u>				
Operating Income (Loss)	(\$363,083)	\$592,774	\$229,691	\$163,852
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	788,276	1,674,366	2,462,642	0
Miscellaneous Nonoperating Expense	(44,031)	(14,750)	(58,781)	0
Changes in Assets and Liabilities:				
Increase in Accounts Receivable	(1,086)	(229)	(1,315)	(9,378)
(Increase) Decrease in Inventory	5,004	(23,845)	(18,841)	0
Increase in Prepaid Items	(1,584)	(1,762)	(3,346)	0
Increase (Decrease) in Accounts Payable	(60,061)	117,732	57,671	(14,060)
Increase (Decrease) in Accrued Wages and Benefits	(23,323)	(14,950)	(38,273)	179,578
Increase (Decrease) in Compensated Absences	(13,595)	4,361	(9,234)	0
Total Adjustments	649,600	1,740,923	2,390,523	156,140
Net Cash Provided by Operating Activities	\$286,517	\$2,333,697	\$2,620,214	\$319,992

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2003, the Water and Sewer Funds had outstanding liabilities of \$184,382 and \$18,309, respectively for the purchase of certain capital assets. In addition, the Water Fund had capital asset disposals of \$35,978.

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

**Statement of Net Assets
Fiduciary Funds
December 31, 2003**

	<u>Agency Funds</u>
Assets:	
Cash and Cash Equivalents	\$ 15,616
Restricted Assets:	
Cash and Cash Equivalents	<u>354,354</u>
Total Assets	<u>369,970</u>
Liabilities:	
Intergovernmental Payable	183,287
Due to Others	<u>186,683</u>
Total Liabilities	<u>369,970</u>
Total Net Assets	<u>\$ 0</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements are presented as of December 31, 2003 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

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

B. Basis of Presentation - Fund Accounting

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

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

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

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

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

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

Proprietary Funds

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and liabilities associated with the operation of these funds are included on the balance sheet. 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's major enterprise funds are:

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

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

C. Basis of Presentation – Financial Statements

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

D. Basis of Accounting

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

Special assessment installments including related accrued interest, which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes, which are measurable at December 31, 2003 but are not intended to finance 2003 operations, and delinquent property taxes whose availability is indeterminate, are recorded as deferred revenue as further described in Note 5.

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

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

E. Budgetary Process

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

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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 2003.

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 for the General Fund and Major Special Revenue Funds" are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. Lapsing of Appropriations

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Budgetary Basis of Accounting

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

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

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses		
	General Fund	Income Tax Fund	Community Development Fund
GAAP Basis (as reported)	(\$1,109,263)	\$877,800	(\$154,822)
Increase (Decrease):			
Accrued Revenues at December 31, 2003 received during 2004	(1,325,093)	(2,038,877)	(5,653)
Accrued Revenues at December 31, 2002 received during 2003	830,823	1,662,845	274
Accrued Expenditures at December 31, 2003 paid during 2004	1,870,058	43,609	73,559
Accrued Expenditures at December 31, 2002 paid during 2003	(1,632,362)	(33,842)	(80,902)
2002 Prepays for 2003	33,322	0	0
2003 Prepays for 2004	(39,271)	0	(174)
Adjustment to Fair Value	35,109	0	0
Outstanding Encumbrances	(1,296,482)	(50,518)	(659,959)
Budget Basis	<u>(\$2,633,159)</u>	<u>\$461,017</u>	<u>(\$827,677)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

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

G. Investments

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

The City had invested funds in the STAR Ohio during 2003. 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, 2003.

H. Inventory

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2003, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

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

2. Property, Plant and Equipment - Business Type Activities

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

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

3. Depreciation

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	Water Fund Tax Increment Financing Fund
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

L. Compensated Absences

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences (Continued)

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

M. Net Assets

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

N. Pensions

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

O. Bond Discounts/Issuance Costs

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

P. Interfund Activity

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Reservations of Fund Balance

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

R. Operating Revenues and Expenses

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City and that are either unusual in nature or infrequent in occurrence. The City had no special items to report during fiscal year 2003.

NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE

A. Changes in Accounting Principles

For fiscal year 2003, the City has implemented GASB Statement No. 34, “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*”; GASB Statement No. 37, “*Basic Financial Statements for State and Local Governments: Omnibus*”; GASB Statement No. 38, “*Certain Financial Statement Note Disclosures*”; and GASB Interpretation No. 6, “*Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statement.*” At December 31, 2002, there was no effect on fund balance as a result of implementing GASB Statements 36, 37 and 38, or Interpretation No. 6.

GASB 34 creates new basic financial statements for reporting on the City’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE (Continued)

A. Changes in Accounting Principles (Continued)

The government-wide financial statements split the City’s programs between business-type and governmental activities. Certain funds have been reclassified as a result of implementing GASB 34. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at December 31, 2002, caused by the elimination of the internal service funds and the conversion to the accrual basis of accounting.

B. Restatement of Fund Balance/Retained Earnings

The changes to the beginning fund balance/retained earnings, as well as the transition from fund balance/retained earnings to net assets of the governmental activities and the business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Fund Balance December 31, 2002	\$3,945,677	\$6,845,043
GASB 34 Adjustments:		
Reclassified funds	1,180,763	0
Capital Assets	9,654,765	0
Contributed Capital	0	19,446,049
Internal Service Activity	2,321,086	460,232
Long-Term Liabilities	(8,196,465)	0
Long-Term (Deferred) Assets	<u>7,834,634</u>	<u>0</u>
Net Assets, December 31, 2002	<u>\$16,740,460</u>	<u>\$26,751,324</u>

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities - The fund deficits at December 31, 2003 of \$2,049 in the Police Grant Fund, \$3,312 in the Probation Grant Fund, (special revenue funds), \$284,045 in the Bikeway Upgrade Fund (capital projects fund) arose from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the budgetary/cash basis. The fund deficits of \$860,289 in the Deo Drive Improvement Fund, and \$1,744,689 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

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

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

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

Deposits:

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

Investments:

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

A. Deposits

At year end the carrying amount of the City's deposits was \$18,369,653 and the bank balance was \$18,826,519. Federal depository insurance covered \$615,000 of the bank balance. All remaining deposits were classified as Category 3.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

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

B. Investments

The City's investments at December 31, 2003 are summarized below:

<u>Categorized Investments</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Fair Value</u>
Federal Home Loan Bank Bonds	\$2,101,111	\$0	\$2,101,111
Federal Home Loan Corporation Notes	986,560	0	986,560
Federal Mortgage Corporation Notes	1,224,631	0	1,224,631
City of Newark Bond Anticipation Note	150,000	0	150,000
Repurchase Agreement	0	1,488,512	1,488,512
Total Categorized Investments	<u>4,462,302</u>	<u>1,488,512</u>	<u>5,950,814</u>
<u>Non-Categorized Investments</u>			
STAR Ohio	N/A	N/A	3,586,502
Mutual Funds	N/A	N/A	52,166
Total Non-Categorized Investments	<u>N/A</u>	<u>N/A</u>	<u>3,638,668</u>
Total Investments	<u>\$4,462,302</u>	<u>\$1,488,512</u>	<u>\$9,589,482</u>

In addition to deposits and investments, the City has cash with fiscal agents in the amount of \$14,057, which was classified as Category 3. This amount represents unredeemed matured bonds and interest coupons held with various trustees. Additionally, the City has uninsured and uncollateralized cash in the amount of \$340,658 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	\$12,925,548	\$15,033,587
Certificates of Deposit (with maturities of more than 3 months)	10,519,119	(10,519,119)
Investments:		
STAR Ohio	(3,586,502)	3,586,502
Repurchase Agreement	(1,488,512)	1,488,512
Per GASB Statement No. 3	<u>\$18,369,653</u>	<u>\$9,589,482</u>

* Does not include Cash with Fiscal Agent

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2003 were levied after October 1, 2002 on assessed values as of January 1, 2002, 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, 2003 was \$3.70 per \$1,000 of assessed value. The assessed value upon which the 2003 levy was based was \$736,438,580. This amount constitutes \$638,586,350 in real property assessed value, \$23,530,710 in public utility assessed value and \$74,321,520 in tangible personal property assessed value.

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 5 - TAXES (Continued)

B. Income Tax

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

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

NOTE 6 - RECEIVABLES

Receivables at December 31, 2003 consisted of taxes, interest, accounts, loans, special assessments and intergovernmental receivables arising from shared revenues.

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2003 consist of the following individual fund receivables and payables:

<u>Fund</u>	<u>Interfund Loans Receivable</u>	<u>Interfund Loans Payable</u>
General Fund	\$1,289,810	\$0
Other Governmental Funds	0	1,289,810
Totals	<u>\$1,289,810</u>	<u>\$1,289,810</u>

NOTE 8 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2003:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$14,882,063	\$1,353,540
Income Tax Fund	0	15,954,816
Community Development Fund	9,068	10,677
Capital Improvement Fund	1,801,722	20,751
Other Governmental Funds	1,822,114	968,133
Total Governmental Funds	<u>18,514,967</u>	<u>18,307,917</u>
Water Fund	712,558	117,025
Sewer Fund	0	829,583
Total Proprietary Funds	<u>712,558</u>	<u>946,608</u>
Internal Service Funds	27,000	0
Totals	<u>\$19,254,525</u>	<u>\$19,254,525</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2003:

<i>Historical Cost:</i>	Restated			December 31,
Class	December 31, 2002	Additions	Deletions	2003
<i>Capital assets not being depreciated:</i>				
Land	\$830,938	\$0	\$0	\$830,938
Construction in Progress	387,469	731,559	0	1,119,028
<i>Capital assets being depreciated:</i>				
Buildings	6,948,423	6,168	0	6,954,591
Improvements Other than Buildings	4,038,728	0	0	4,038,728
Infrastructure	0	2,918,445	0	2,918,445
Machinery and Equipment	11,796,997	872,609	(167,433)	12,502,173
Total Cost	<u>\$24,002,555</u>	<u>\$4,528,781</u>	<u>(\$167,433)</u>	<u>\$28,363,903</u>
 <i>Accumulated Depreciation:</i>				
Class	Restated			December 31,
Class	December 31, 2002	Additions	Deletions	2003
Buildings	(\$3,381,039)	(\$130,099)	\$0	(\$3,511,138)
Improvements Other than Buildings	(2,230,888)	(186,096)	0	(2,416,984)
Machinery and Equipment	(8,735,863)	(790,915)	166,317	(9,360,461)
Total Depreciation	<u>(\$14,347,790)</u>	<u>(\$1,107,110) *</u>	<u>\$166,317</u>	<u>(\$15,288,583)</u>
 <i>Net Value:</i>	 <u>\$9,654,765</u>			 <u>\$13,075,320</u>

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$429,910
Leisure Time Activities	109,941
Community Environment	43,065
Public Health and Welfare	79,944
Transportation	230,748
General Government	213,502
Total Depreciation Expense	<u>\$1,107,110</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 9 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2003:

<i>Historical Cost:</i>	Restated December 31, 2002	Additions	Deletions	December 31, 2003
Class				
<i>Capital assets not being depreciated:</i>				
Land	\$170,500	\$0	\$0	\$170,500
Construction in Progress	1,950	1,198,275	(1,950)	1,198,275
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	27,336,500	0	0	27,336,500
Infrastructure	7,449,528	0	0	7,449,528
Machinery and Equipment	32,688,565	154,614	(34,028)	32,809,151
Total Cost	<u>\$67,647,043</u>	<u>\$1,352,889</u>	<u>(\$35,978)</u>	<u>\$68,963,954</u>
 <i>Accumulated Depreciation:</i>				
Class	Restated December 31, 2002	Additions	Deletions	December 31, 2003
Buildings and Improvements	(\$6,399,736)	(\$695,448)	\$0	(\$7,095,184)
Infrastructure	(3,148,571)	(105,955)	0	(3,254,526)
Machinery and Equipment	(20,535,565)	(1,661,239)	33,658	(22,163,146)
Total Depreciation	<u>(\$30,083,872)</u>	<u>(\$2,462,642)</u>	<u>\$33,658</u>	<u>(\$32,512,856)</u>
<i>Net Value:</i>	<u>\$37,563,171</u>			<u>\$36,451,098</u>

NOTE 10 – DEFINED BENEFIT PENSION PLANS

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

The Ohio PERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2003, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 8.5%. The 2003 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, 2003, 2002 and 2001 were \$1,654,894, \$1,611,424 and \$1,549,544, respectively, which were equal to the required contributions for each year.

The Ohio PERS provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. 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 2003 employer contribution rate (identified above) that was used to fund health care for the year 2003 was 5.0% of covered payroll which amounted to \$610,662.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System’s latest actuarial review performed as of December 31, 2002. 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 2002 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 364,881. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2002 is \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$18.7 billion and \$8.7 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, 2003, 2002 and 2001 were \$742,754, \$676,401 and \$667,932 for police and \$1,009,045, \$899,822 and \$855,835 for firefighters, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 10 – 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 2003 covered payroll that was used to fund postemployment health care benefits was \$295,197 representing 7.75% of covered payroll for police and \$325,837 representing 7.75% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2002, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,527 for police and 10,396 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, 2002 were \$141,028,006, which was net of member contributions of \$12,623,875.

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.

CITY OF NEWARK, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 11 - NOTES PAYABLE (Continued)

	Balance January 1, 2003	Issued (Retired)	Balance December 31, 2003
Capital Projects Notes Payable:			
2.35% Fire Truck	\$280,000	(\$280,000)	\$0
1.49% Fire Truck	0	230,000	230,000
2.75% Mausoleum	0	150,000	150,000
1.96% Deo Drive Extension	550,000	(550,000)	0
1.55% Deo Drive Extension	0	1,125,000	1,125,000
1.75% East Main Street Bridge Replacement	1,759,000	(1,759,000)	0
1.50% East Main Street Bridge Replacement	0	1,759,000	1,759,000
1.70% Police and Fire Facilities	9,600,000	(9,600,000)	0
Total Capital Projects Notes Payable	<u>\$12,189,000</u>	<u>(\$8,925,000)</u>	<u>\$3,264,000</u>

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

Long-term debt and other long-term obligations of the City at December 31, 2003 were as follows:

		Balance December 31, 2002	Additions	Deductions	Balance December 31, 2003	Amount Due Within One Year
Governmental Activities:						
General Obligation Bond:						
East Main Street Improvement	2019	\$2,885,000	\$0	(\$110,000)	\$2,775,000	\$115,000
Police and Fire Facilities	2031	0	10,994,991	0	10,994,991	165,000
Total General Obligation Bonds		<u>2,885,000</u>	<u>10,994,991</u>	<u>(110,000)</u>	<u>13,769,991</u>	<u>280,000</u>
Special Assessment Bond: (with governmental commitment)						
Hudson Avenue Street Lighting	2007	105,000	0	(20,000)	85,000	20,000
Capital Leases		310,923	0	(137,902)	173,021	39,786
Accrued Pension Liability		2,189,956	0	(32,266)	2,157,690	33,652
Compensated Absences Payable		2,663,020	1,589,675	(1,518,322)	2,734,373	1,580,365
Total Governmental Activities		<u>8,153,899</u>	<u>12,584,666</u>	<u>(1,818,490)</u>	<u>18,920,075</u>	<u>1,953,803</u>
Business-Type Activities:						
General Obligation Bond:						
Water System Improvement	2008	2,170,529	8,076	(760,000)	1,418,605	402,355
Water System Improvement Refunding	2018	10,535,359	43,342	(460,000)	10,118,701	475,000
Total General Obligation Bonds		<u>12,705,888</u>	<u>51,418</u>	<u>(1,220,000)</u>	<u>11,537,306</u>	<u>877,355</u>
Ohio Water Development:						
Authority Loan #782 (OWDA):		7,675,584	0	(503,163)	7,172,421	541,655
Compensated Absences		594,715	189,879	(138,239)	646,355	0
Total Business-Type Activities		<u>20,976,187</u>	<u>241,297</u>	<u>(1,861,402)</u>	<u>19,356,082</u>	<u>1,419,010</u>
Totals		<u>\$29,130,086</u>	<u>\$12,825,963</u>	<u>(\$3,679,892)</u>	<u>\$38,276,157</u>	<u>\$3,372,813</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

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

The principal amount of the City's special assessment debt outstanding at December 31, 2003, \$85,000, 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 \$31,546 in the Debt Service Fund at December 31, 2003 is available for the retirement of outstanding special assessment bonds.

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, 2003 was \$3,982,052 in principal and interest payments through the year 2036. Only the principal amount of \$2,157,690 is included in the Government-wide Statement of Net Assets.

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, 2003 follows:

Years	General Obligation Bonds		Special Assessment Bond		OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$1,106,178	\$1,336,392	\$20,000	\$4,230	\$541,655	\$548,691
2005	1,228,799	1,220,537	20,000	3,240	583,091	507,254
2006	1,232,612	1,213,833	20,000	2,250	627,699	462,647
2007	1,242,648	1,204,040	25,000	1,250	675,718	414,628
2008	1,766,658	684,257	0	0	727,410	362,936
2009-2013	6,705,409	5,802,947	0	0	4,016,848	889,703
2014-2018	4,749,988	7,670,765	0	0	0	0
2019-2023	2,470,005	1,480,664	0	0	0	0
2023-2027	2,790,000	888,252	0	0	0	0
2028-2031	2,015,000	194,514	0	0	0	0
Totals	<u>\$25,307,297</u>	<u>\$21,696,201</u>	<u>\$85,000</u>	<u>\$10,970</u>	<u>\$7,172,421</u>	<u>\$3,185,859</u>
Years	Accrued Pension Liability		Capital Leases		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$33,652	\$91,348	\$39,786	\$9,689	\$1,741,271	\$1,990,350
2005	35,098	89,902	42,014	7,461	1,909,002	1,828,394
2006	36,604	88,396	44,367	5,108	1,961,282	1,772,234
2007	38,178	86,822	46,854	2,624	2,028,398	1,709,364
2008	39,816	85,184	0	0	2,533,884	1,132,377
2009-2013	226,252	398,748	0	0	10,948,509	7,091,398
2014-2018	279,200	345,800	0	0	5,029,188	8,016,565
2019-2023	344,540	280,460	0	0	2,814,545	1,761,124
2023-2027	1,124,350	357,702	0	0	3,914,350	1,245,954
2028-2031	0	0	0	0	2,015,000	194,514
Totals	<u>\$2,157,690</u>	<u>\$1,824,362</u>	<u>\$173,021</u>	<u>\$24,882</u>	<u>\$34,895,429</u>	<u>\$26,742,274</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

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, 2003 are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

NOTE 13 - CAPITALIZED LEASES

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

The following is a schedule of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of December 31, 2003:

<u>Year Ending December 31,</u>	<u>Capital Leases</u>
2004	\$49,475
2005	49,475
2006	49,475
2007	<u>49,475</u>
Minimum Lease Payments	197,900
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(24,879)</u>
Present value of minimum lease payments	<u><u>\$173,021</u></u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 14 - INSURANCE AND RISK MANAGEMENT (Continued)

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

Treaty basis casualty excess of loss contracts in force at December 31, 2003 generally protects the Pool against individual losses over \$100,000. For the preceding two year period, the Pool was reinsured for casualty losses as follows:

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

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

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

B. Workers' Compensation

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

NOTE 15 - CONTINGENCIES

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

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than amounts relating to 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.

Veterans Memorial Sidewalk Fund

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

Police Grant Fund

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

Police/Fire Pension Fund

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

Cemetery Rental Fund

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

(Continued)

Special Revenue Funds

State Highway Fund

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

Law Enforcement Fund

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

Traffic Safety

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

Court Computerization

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. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Permissive License Tax Fund

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

Probation Grant Fund

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

Impound Fund

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

Federal Transit Administration (FTA) Fund

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

(Continued)

Special Revenue Funds

Litter Grant Fund

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

Federal Emergency Management Act (FEMA) Fund

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

Mary E. Barnes Trust Fund

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

Debt Service Fund

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

Debt Service Fund

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

Capital Projects Funds

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

City Hall Upgrade Fund

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

Deo Drive Improvement Fund

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

Bikeway Upgrade Fund

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

East Main Street Bridge Replacement Fund

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

Court Capital Improvement Fund

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

Tax Increment Financing (TIF) Fund

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

Permanent Fund

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

Cemetery Endowment Fund

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

CITY OF NEWARK, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2003**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 1,393,752	\$ 32,348	\$ 607,940	\$ 0	\$ 2,034,040
Investments	325,089	0	0	0	325,089
Receivables:					
Taxes	462,052	0	0	0	462,052
Accounts	158,478	0	2,894	0	161,372
Intergovernmental	1,230,846	0	919,022	0	2,149,868
Interest	3,120	0	0	0	3,120
Special Assessments	0	239,972	0	0	239,972
Inventory of Supplies, at Cost	224,575	0	0	0	224,575
Prepaid Items	7,891	0	0	0	7,891
Restricted Assets:					
Cash and Cash Equivalents	340,658	0	0	27,195	367,853
Investments	0	0	0	548,661	548,661
Total Assets	\$ 4,146,461	\$ 272,320	\$ 1,529,856	\$ 575,856	\$ 6,524,493
Liabilities:					
Accounts Payable	\$ 174,308	\$ 802	\$ 51,682	\$ 0	\$ 226,792
Accrued Wages and Benefits Payable	140,476	0	0	0	140,476
Intergovernmental Payable	845	0	0	0	845
Interfund Loans Payable	100,985	0	1,188,825	0	1,289,810
Deferred Revenue	1,491,173	239,972	0	0	1,731,145
Accrued Interest Payable	0	0	31,572	0	31,572
General Obligation Notes Payable	0	0	2,884,000	0	2,884,000
Total Liabilities	1,907,787	240,774	4,156,079	0	6,304,640
Fund Balances:					
Reserved for Encumbrances	840,987	13,682	1,207,428	0	2,062,097
Reserved for Prepaid Items	11,516	0	0	0	11,516
Reserved for Supplies Inventory	359,002	0	0	0	359,002
Reserved for Debt Service	0	17,864	0	0	17,864
Reserved for Endowments	0	0	0	575,856	575,856
Undesignated/Unreserved	1,027,169	0	(3,833,651)	0	(2,806,482)
Total Fund Balances	2,238,674	31,546	(2,626,223)	575,856	219,853
Total Liabilities and Fund Balances	\$ 4,146,461	\$ 272,320	\$ 1,529,856	\$ 575,856	\$ 6,524,493

CITY OF NEWARK, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2003**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$ 397,193	\$ 0	\$ 349,731	\$ 0	\$ 746,924
Intergovernmental Revenues	3,674,951	0	919,022	0	4,593,973
Charges for Services	805,239	0	0	8,295	813,534
Licenses, Permits and Fees	168,361	0	0	0	168,361
Investment Earnings	31,915	0	0	(11,439)	20,476
Special Assessments	0	43,758	0	0	43,758
Fines and Forfeitures	96,968	0	48,115	0	145,083
All Other Revenue	80,901	8,046	8,908	0	97,855
Total Revenue	5,255,528	51,804	1,325,776	(3,144)	6,629,964
Expenditures:					
Current:					
Security of Persons and Property	1,029,176	0	0	0	1,029,176
Public Health and Welfare Services	425,843	0	0	0	425,843
Leisure Time Activities	753,238	0	0	0	753,238
Community Environment	165,296	0	0	0	165,296
Transportation	3,266,226	0	0	0	3,266,226
General Government	140,894	0	0	0	140,894
Capital Outlay	0	0	919,095	0	919,095
Debt Service:					
Principal Retirement	0	20,000	110,000	0	130,000
Interest & Fiscal Charges	0	7,023	195,262	0	202,285
Total Expenditures	5,780,673	27,023	1,224,357	0	7,032,053
Excess (Deficiency) of Revenues Over Expenditures	(525,145)	24,781	101,419	(3,144)	(402,089)
Other Financing Sources (Uses):					
Sale of Capital Assets	35,900	0	0	0	35,900
Transfers In	1,801,363	0	20,751	0	1,822,114
Transfers Out	(968,133)	0	0	0	(968,133)
Total Other Financing Sources (Uses)	869,130	0	20,751	0	889,881
Net Change in Fund Balances	343,985	24,781	122,170	(3,144)	487,792
Fund Balances at Beginning of Year	1,946,666	6,765	(2,748,393)	579,000	(215,962)
Decrease in Inventory Reserve	(51,977)	0	0	0	(51,977)
Fund Balances End of Year	\$ 2,238,674	\$ 31,546	\$ (2,626,223)	\$ 575,856	\$ 219,853

CITY OF NEWARK, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2003**

	Street Department	Cemetery	Parks and Recreation	Traffic Control
Assets:				
Cash and Cash Equivalents	\$ 112,057	\$ 391,339	\$ 95,423	\$ 29,356
Receivables:				
Taxes	0	0	10	0
Accounts	0	138,104	890	13,346
Intergovernmental	699,819	0	0	0
Interest	0	2,750	0	0
Inventory of Supplies, at Cost	99,573	0	0	125,002
Prepaid Items	3,865	523	2,142	949
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	0
Total Assets	<u>\$ 915,314</u>	<u>\$ 532,716</u>	<u>\$ 98,465</u>	<u>\$ 168,653</u>
Liabilities:				
Accounts Payable	\$ 15,911	\$ 8,300	\$ 42,373	\$ 10,718
Accrued Wages and Benefits Payable	65,299	15,928	22,463	23,024
Intergovernmental Payable	0	0	0	0
Interfund Loans Payable	0	0	0	0
Deferred Revenue	466,546	138,104	0	0
Total Liabilities	<u>547,756</u>	<u>162,332</u>	<u>64,836</u>	<u>33,742</u>
Fund Balances:				
Reserved for Encumbrances	96,302	36,666	95,423	29,356
Reserved for Prepaid Items	6,972	1,041	2,142	949
Reserved for Supplies Inventory	234,000	0	0	125,002
Undesignated/Unreserved	30,284	332,677	(63,936)	(20,396)
Total Fund Balances	<u>367,558</u>	<u>370,384</u>	<u>33,629</u>	<u>134,911</u>
Total Liabilities and Fund Balances	<u>\$ 915,314</u>	<u>\$ 532,716</u>	<u>\$ 98,465</u>	<u>\$ 168,653</u>

CITY OF NEWARK, OHIO

Compost Facility	Veterans Memorial Sidewalk	Police Grant	Police/Fire Pension	Cemetery Rental	State Highway	Law Enforcement
\$ 3,146	\$ 90,054	\$ 2,360	\$ 67,733	\$ 14,171	\$ 9,934	\$ 227,591
0	0	0	462,042	0	0	0
0	0	0	0	0	0	1,161
0	0	0	0	0	56,739	100
0	330	40	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 3,146</u>	<u>\$ 90,384</u>	<u>\$ 2,400</u>	<u>\$ 529,775</u>	<u>\$ 14,171</u>	<u>\$ 66,673</u>	<u>\$ 228,852</u>
\$ 9	\$ 340	\$ 2,732	\$ 0	\$ 0	\$ 0	\$ 0
377	0	1,717	0	0	0	0
0	0	0	0	845	0	0
0	0	0	0	0	0	0
0	0	0	462,042	0	37,826	0
<u>386</u>	<u>340</u>	<u>4,449</u>	<u>462,042</u>	<u>845</u>	<u>37,826</u>	<u>0</u>
80	790	14,555	0	300	0	44,625
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>2,680</u>	<u>89,254</u>	<u>(16,604)</u>	<u>67,733</u>	<u>13,026</u>	<u>28,847</u>	<u>184,227</u>
<u>2,760</u>	<u>90,044</u>	<u>(2,049)</u>	<u>67,733</u>	<u>13,326</u>	<u>28,847</u>	<u>228,852</u>
<u>\$ 3,146</u>	<u>\$ 90,384</u>	<u>\$ 2,400</u>	<u>\$ 529,775</u>	<u>\$ 14,171</u>	<u>\$ 66,673</u>	<u>\$ 228,852</u>

(Continued)

CITY OF NEWARK, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2003**

	<u>Traffic Safety</u>	<u>Court Computerization</u>	<u>Permissive License Tax</u>	<u>Probation Grant</u>
Assets:				
Cash and Cash Equivalents	\$ 16,240	\$ 154,984	\$ 29,958	\$ 1,786
Receivables:				
Taxes	0	0	0	0
Accounts	0	4,307	0	0
Intergovernmental	34,715	0	145,000	11,282
Interest	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	0	340,658	0
Total Assets	<u>\$ 50,955</u>	<u>\$ 159,291</u>	<u>\$ 788,539</u>	<u>\$ 13,068</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 11,160	\$ 43,191	\$ 100
Accrued Wages and Benefits Payable	0	0	0	4,998
Intergovernmental Payable	0	0	0	0
Interfund Loans Payable	0	0	0	0
Deferred Revenue	34,715	0	340,658	11,282
Total Liabilities	<u>34,715</u>	<u>11,160</u>	<u>383,849</u>	<u>16,380</u>
Fund Balances:				
Reserved for Encumbrances	585	17,190	342,173	2,755
Reserved for Prepaid Items	0	0	0	0
Reserved for Supplies Inventory	0	0	0	0
Undesignated/Unreserved	15,655	130,941	62,517	(6,067)
Total Fund Balances	<u>16,240</u>	<u>148,131</u>	<u>404,690</u>	<u>(3,312)</u>
Total Liabilities and Fund Balances	<u>\$ 50,955</u>	<u>\$ 159,291</u>	<u>\$ 788,539</u>	<u>\$ 13,068</u>

CITY OF NEWARK, OHIO

<u>Impound</u>	<u>Federal Transit Administration</u>	<u>Litter Grant</u>	<u>FEMA</u>	<u>Mary E. Barnes Trust</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 33,300	\$ 0	\$ 34,052	\$ 4,366	\$ 75,902	\$ 1,393,752
0	0	0	0	0	462,052
0	399	271	0	0	158,478
0	283,191	0	0	0	1,230,846
0	0	0	0	0	3,120
0	0	0	0	0	224,575
310	102	0	0	0	7,891
0	0	0	0	0	340,658
<u>\$ 33,610</u>	<u>\$ 283,692</u>	<u>\$ 34,323</u>	<u>\$ 4,366</u>	<u>\$ 128,068</u>	<u>\$ 4,146,461</u>
\$ 4,015	\$ 31,558	\$ 3,901	\$ 0	\$ 0	\$ 174,308
0	3,293	3,377	0	0	140,476
0	0	0	0	0	845
0	100,985	0	0	0	100,985
0	0	0	0	0	1,491,173
<u>4,015</u>	<u>135,836</u>	<u>7,278</u>	<u>0</u>	<u>0</u>	<u>1,907,787</u>
19,952	132,865	7,370	0	0	840,987
310	102	0	0	0	11,516
0	0	0	0	0	359,002
<u>9,333</u>	<u>14,889</u>	<u>19,675</u>	<u>4,366</u>	<u>128,068</u>	<u>1,027,169</u>
<u>29,595</u>	<u>147,856</u>	<u>27,045</u>	<u>4,366</u>	<u>128,068</u>	<u>2,238,674</u>
<u>\$ 33,610</u>	<u>\$ 283,692</u>	<u>\$ 34,323</u>	<u>\$ 4,366</u>	<u>\$ 128,068</u>	<u>\$ 4,146,461</u>

CITY OF NEWARK, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003**

	Street Department	Cemetery	Parks and Recreation	Traffic Control
Revenues:				
Taxes	\$ 0	\$ 492	\$ 1,882	\$ 0
Intergovernmental Revenues	1,464,475	0	0	0
Charges for Services	0	159,249	160,962	36,246
Licenses, Permits and Fees	0	0	168,361	0
Investment Earnings	0	24,241	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	7,169	16,009	7,842	30,564
Total Revenue	1,471,644	199,991	339,047	66,810
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	668,124
Public Health and Welfare Services	0	422,800	0	0
Leisure Time Activities	0	0	751,503	0
Community Environment	0	0	0	0
Transportation	1,561,239	0	0	0
General Government	0	0	0	0
Total Expenditures	1,561,239	422,800	751,503	668,124
Excess (Deficiency) of Revenues Over Expenditures	(89,595)	(222,809)	(412,456)	(601,314)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
Transfers In	513,284	227,558	403,939	623,074
Transfers Out	(320,772)	(27,200)	0	0
Total Other Financing Sources (Uses)	192,512	200,358	403,939	623,074
Net Change in Fund Balances	102,917	(22,451)	(8,517)	21,760
Fund Balances (Deficit) at Beginning of Year	299,495	392,835	42,146	130,274
Decrease in Inventory Reserve	(34,854)	0	0	(17,123)
Fund Balances (Deficit) End of Year	\$ 367,558	\$ 370,384	\$ 33,629	\$ 134,911

CITY OF NEWARK, OHIO

Compost Facility	Veterans Memorial Sidewalk	Police Grant	Police/Fire Pension	Cemetery Rental	State Highway	Law Enforcement
\$ 0	\$ 0	\$ 0	\$ 394,819	\$ 0	\$ 0	\$ 0
0	0	94,851	48,157	0	118,740	26,080
13,589	0	0	0	8,910	0	0
0	0	0	0	0	0	0
0	3,851	493	0	0	0	0
0	0	0	0	0	0	27,983
0	4,600	0	0	0	0	0
<u>13,589</u>	<u>8,451</u>	<u>95,344</u>	<u>442,976</u>	<u>8,910</u>	<u>118,740</u>	<u>54,063</u>
0	0	126,185	0	0	0	34,001
0	0	0	0	3,043	0	0
0	1,735	0	0	0	0	0
17,631	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>17,631</u>	<u>1,735</u>	<u>126,185</u>	<u>0</u>	<u>3,043</u>	<u>0</u>	<u>34,001</u>
(4,042)	6,716	(30,841)	442,976	5,867	118,740	20,062
0	0	0	0	0	0	0
1,088	0	0	0	0	0	0
0	0	0	(378,302)	(5,000)	(122,402)	0
<u>1,088</u>	<u>0</u>	<u>0</u>	<u>(378,302)</u>	<u>(5,000)</u>	<u>(122,402)</u>	<u>0</u>
(2,954)	6,716	(30,841)	64,674	867	(3,662)	20,062
5,714	83,328	28,792	3,059	12,459	32,509	208,790
0	0	0	0	0	0	0
<u>\$ 2,760</u>	<u>\$ 90,044</u>	<u>\$ (2,049)</u>	<u>\$ 67,733</u>	<u>\$ 13,326</u>	<u>\$ 28,847</u>	<u>\$ 228,852</u>

(Continued)

CITY OF NEWARK, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003**

	Traffic Safety	Court Computerization	Broadcast	Permissive License Tax
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	33,637	0	0	395,000
Charges for Services	0	0	0	0
Licenses, Permits and Fees	0	0	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	68,985	0	0
All Other Revenue	0	0	0	0
Total Revenue	33,637	68,985	0	395,000
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	0	313,997
General Government	0	96,495	0	43,191
Total Expenditures	0	96,495	0	357,188
Excess (Deficiency) of Revenues Over Expenditures	33,637	(27,510)	0	37,812
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	(50,000)	0
Total Other Financing Sources (Uses)	0	0	(50,000)	0
Net Change in Fund Balances	33,637	(27,510)	(50,000)	37,812
Fund Balances (Deficit) at Beginning of Year	(17,397)	175,641	50,000	366,878
Decrease in Inventory Reserve	0	0	0	0
Fund Balances (Deficit) End of Year	\$ 16,240	\$ 148,131	\$ 0	\$ 404,690

CITY OF NEWARK, OHIO

Probation Grant	Impound	Federal Transit Administration	Litter Grant	FEMA	Mary E. Barnes Trust	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 397,193
86,497	0	1,237,763	120,928	48,823	0	3,674,951
0	61,004	365,279	0	0	0	805,239
0	0	0	0	0	0	168,361
0	0	0	0	0	3,330	31,915
0	0	0	0	0	0	96,968
39	0	358	14,320	0	0	80,901
<u>86,536</u>	<u>61,004</u>	<u>1,603,400</u>	<u>135,248</u>	<u>48,823</u>	<u>3,330</u>	<u>5,255,528</u>
118,068	80,648	0	0	0	2,150	1,029,176
0	0	0	0	0	0	425,843
0	0	0	0	0	0	753,238
0	0	0	147,665	0	0	165,296
0	0	1,390,990	0	0	0	3,266,226
1,208	0	0	0	0	0	140,894
<u>119,276</u>	<u>80,648</u>	<u>1,390,990</u>	<u>147,665</u>	<u>0</u>	<u>2,150</u>	<u>5,780,673</u>
(32,740)	(19,644)	212,410	(12,417)	48,823	1,180	(525,145)
0	35,900	0	0	0	0	35,900
30,811	0	0	1,609	0	0	1,801,363
0	(20,000)	0	0	(44,457)	0	(968,133)
<u>30,811</u>	<u>15,900</u>	<u>0</u>	<u>1,609</u>	<u>(44,457)</u>	<u>0</u>	<u>869,130</u>
(1,929)	(3,744)	212,410	(10,808)	4,366	1,180	343,985
(1,383)	33,339	(64,554)	37,853	0	126,888	1,946,666
0	0	0	0	0	0	(51,977)
<u>\$ (3,312)</u>	<u>\$ 29,595</u>	<u>\$ 147,856</u>	<u>\$ 27,045</u>	<u>\$ 4,366</u>	<u>\$ 128,068</u>	<u>\$ 2,238,674</u>

CITY OF NEWARK, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2003**

	City Hall Upgrade	Deo Drive Improvement	Bikeway Upgrade	E. Main St. Bridge Replacement
Assets:				
Cash and Cash Equivalents	\$ 3,800	\$ 318,039	\$ 0	\$ 27,800
Receivables:				
Taxes	0	0	0	0
Accounts	0	0	0	2,195
Intergovernmental	0	0	919,022	0
Total Assets	<u>\$ 3,800</u>	<u>\$ 318,039</u>	<u>\$ 919,022</u>	<u>\$ 29,995</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 37,440	\$ 14,242	\$ 0
Interfund Loans Payable	0	0	1,188,825	0
Accrued Interest Payable	0	15,888	0	15,684
General Obligation Notes Payable	0	1,125,000	0	1,759,000
Total Liabilities	<u>0</u>	<u>1,178,328</u>	<u>1,203,067</u>	<u>1,774,684</u>
Fund Balances:				
Reserved for Encumbrances	0	314,576	853,599	0
Undesignated/Unreserved	3,800	(1,174,865)	(1,137,644)	(1,744,689)
Total Fund Balances	<u>3,800</u>	<u>(860,289)</u>	<u>(284,045)</u>	<u>(1,744,689)</u>
Total Liabilities and Fund Balances	<u>\$ 3,800</u>	<u>\$ 318,039</u>	<u>\$ 919,022</u>	<u>\$ 29,995</u>

CITY OF NEWARK, OHIO

<u>Court Capital Improvement</u>	<u>Tax Increment Financing</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 168,138	\$ 90,163	\$ 607,940
0	0	0
699	0	2,894
<u>0</u>	<u>0</u>	<u>919,022</u>
<u>\$ 168,837</u>	<u>\$ 90,163</u>	<u>\$ 1,529,856</u>
\$ 0	\$ 0	\$ 51,682
0	0	1,188,825
0	0	31,572
<u>0</u>	<u>0</u>	<u>2,884,000</u>
<u>0</u>	<u>0</u>	<u>4,156,079</u>
0	39,253	1,207,428
<u>168,837</u>	<u>50,910</u>	<u>(3,833,651)</u>
<u>168,837</u>	<u>90,163</u>	<u>(2,626,223)</u>
<u>\$ 168,837</u>	<u>\$ 90,163</u>	<u>\$ 1,529,856</u>

CITY OF NEWARK, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003**

	City Hall Upgrade	Deo Drive Improvement	Bikeway Upgrade	East Main Street Bridge Replacement
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	0	919,022	0
Fines and Forfeitures	0	0	0	2,195
All Other Revenue	0	5,294	0	3,614
Total Revenue	0	5,294	919,022	5,809
Expenditures:				
Current:				
Capital Outlay	0	323,165	476,452	2,714
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	16,397	0	28,167
Total Expenditures	0	339,562	476,452	30,881
Excess (Deficiency) of Revenues Over Expenditures	0	(334,268)	442,570	(25,072)
Other Financing Sources (Uses):				
Transfers In	0	5,360	0	15,391
Total Other Financing Sources (Uses)	0	5,360	0	15,391
Net Change in Fund Balances	0	(328,908)	442,570	(9,681)
Fund Balances at Beginning of Year	3,800	(531,381)	(726,615)	(1,735,008)
Fund Balances End of Year	\$ 3,800	\$ (860,289)	\$ (284,045)	\$ (1,744,689)

CITY OF NEWARK, OHIO

<u>Court Capital Improvement</u>	<u>Tax Increment Financing</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 0	\$ 349,731	\$ 349,731
0	0	919,022
45,920	0	48,115
0	0	8,908
<u>45,920</u>	<u>349,731</u>	<u>1,325,776</u>
0	116,764	919,095
0	110,000	110,000
0	150,698	195,262
<u>0</u>	<u>377,462</u>	<u>1,224,357</u>
45,920	(27,731)	101,419
<u>0</u>	<u>0</u>	<u>20,751</u>
<u>0</u>	<u>0</u>	<u>20,751</u>
45,920	(27,731)	122,170
<u>122,917</u>	<u>117,894</u>	<u>(2,748,393)</u>
<u>\$ 168,837</u>	<u>\$ 90,163</u>	<u>\$ (2,626,223)</u>

CITY OF NEWARK, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,854,960	\$ 2,003,572	\$ 2,089,612	\$ 86,040
Intergovernmental Revenues	4,468,441	4,561,913	4,799,362	237,449
Charges for Services	244,202	329,073	340,268	11,195
Licenses, Permits and Fees	1,625,788	1,630,788	1,558,590	(72,198)
Investment Earnings	353,000	353,000	254,284	(98,716)
Fines and Forfeitures	1,795,000	1,795,000	1,509,231	(285,769)
All Other Revenues	146,175	146,175	203,973	57,798
Total Revenues	<u>10,487,566</u>	<u>10,819,521</u>	<u>10,755,320</u>	<u>(64,201)</u>
Expenditures:				
Security of Persons and Property:				
Flood Control:				
Materials and Supplies	1,275	1,275	0	1,275
Contractual Services	23,589	23,589	19,636	3,953
Total Flood Control	<u>24,864</u>	<u>24,864</u>	<u>19,636</u>	<u>5,228</u>
Police:				
Personal Services	7,030,871	7,048,379	6,859,838	188,541
Materials and Supplies	268,889	383,327	346,891	36,436
Contractual Services	1,027,306	803,356	646,371	156,985
Other Expenditures	1,335	4,935	4,045	890
Capital Outlay	243,692	347,685	334,952	12,733
Total Police	<u>8,572,093</u>	<u>8,587,682</u>	<u>8,192,097</u>	<u>395,585</u>
Fire:				
Personal Services	6,443,263	6,485,035	6,351,993	133,042
Materials and Supplies	340,698	312,920	224,649	88,271
Contractual Services	1,892,281	1,246,000	712,119	533,881
Other Expenditures	3,412	3,412	622	2,790
Capital Outlay	320,548	983,985	880,940	103,045
Total Fire	<u>9,000,202</u>	<u>9,031,352</u>	<u>8,170,323</u>	<u>861,029</u>
Total Security of Persons and Property	<u>17,597,159</u>	<u>17,643,898</u>	<u>16,382,056</u>	<u>1,261,842</u>
Public Health and Welfare Services:				
Health Department:				
Personal Services	372,780	375,390	352,016	23,374
Materials and Supplies	11,790	18,988	17,255	1,733
Contractual Services	48,571	47,012	41,592	5,420
Other Expenditures	23,212	52,259	46,305	5,954
Capital Outlay	2,297	2,297	2,297	0
Total Health Department	<u>458,650</u>	<u>495,946</u>	<u>459,465</u>	<u>36,481</u>

(Continued)

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Sanitation:				
Personal Services	259,790	259,301	227,232	32,069
Materials and Supplies	18,687	21,120	17,567	3,553
Contractual Services	40,325	47,365	33,556	13,809
Other Expenditures	<u>6,835</u>	<u>12,010</u>	<u>8,909</u>	<u>3,101</u>
Total Sanitation	<u>325,637</u>	<u>339,796</u>	<u>287,264</u>	<u>52,532</u>
Nursing:				
Personal Services	436,510	430,103	411,863	18,240
Materials and Supplies	58,166	63,784	54,945	8,839
Contractual Services	44,256	42,067	32,814	9,253
Other Expenditures	7,315	3,692	3,205	487
Capital Outlay	<u>0</u>	<u>2,540</u>	<u>2,408</u>	<u>132</u>
Total Nursing	<u>546,247</u>	<u>542,186</u>	<u>505,235</u>	<u>36,951</u>
Plumbing:				
Personal Services	67,915	65,715	59,864	5,851
Materials and Supplies	800	990	990	0
Contractual Services	6,005	4,205	1,274	2,931
Other Expenditures	<u>100</u>	<u>316</u>	<u>316</u>	<u>0</u>
Total Plumbing	<u>74,820</u>	<u>71,226</u>	<u>62,444</u>	<u>8,782</u>
Dental Sealant:				
Personal Services	54,725	54,225	44,239	9,986
Materials and Supplies	4,720	5,309	4,320	989
Contractual Services	<u>9,238</u>	<u>11,549</u>	<u>9,585</u>	<u>1,964</u>
Total Dental Sealant	<u>68,683</u>	<u>71,083</u>	<u>58,144</u>	<u>12,939</u>
Pool and Spa:				
Materials and Supplies	3,800	900	450	450
Contractual Services	2,830	2,333	2,280	53
Other Expenditures	<u>1,320</u>	<u>1,385</u>	<u>1,385</u>	<u>0</u>
Total Pool and Spa	<u>7,950</u>	<u>4,618</u>	<u>4,115</u>	<u>503</u>

(Continued)

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Solid Waste:				
Personal Services	75,955	72,736	66,456	6,280
Materials and Supplies	2,437	1,737	1,419	318
Contractual Services	8,968	6,138	3,936	2,202
Other Expenditures	3,500	0	0	0
Total Solid Waste	90,860	80,611	71,811	8,800
AIDS Grant:				
Personal Services	58,925	58,425	56,163	2,262
Materials and Supplies	2,450	2,367	2,317	50
Contractual Services	4,944	5,444	4,924	520
Total AIDS Grant	66,319	66,236	63,404	2,832
Miller Dental:				
Contractual Services	298	298	41	257
Total Miller Dental	298	298	41	257
Immunization Plan:				
Personal Services	28,100	27,264	24,659	2,605
Materials and Supplies	666	1,786	1,786	0
Contractual Services	12,189	12,935	12,820	115
Capital Outlay	0	3,880	3,711	169
Total Immunization Plan	41,055	45,965	42,976	2,989
Help Me Grow Grant:				
Personal Services	344,225	342,300	316,862	25,438
Contractual Services	20,408	25,584	23,674	1,910
Capital Outlay	0	0	0	0
Total Help Me Grow	364,633	367,884	340,536	27,348
Public Health Infrastructure Grant:				
Personal Services	192,961	222,231	208,021	14,210
Materials and Supplies	5,276	7,076	1,742	5,334
Contractual Services	97,935	101,979	61,172	40,807
Capital Outlay	37,450	64,300	61,484	2,816
Total Public Health Infrastructure Grant	333,622	395,586	332,419	63,167
Total Public Health and Welfare Services	2,378,775	2,481,435	2,227,854	253,581

(Continued)

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Community Environment:				
Code Administration:				
Personal Services	1,224,798	1,224,799	1,156,289	68,510
Materials and Supplies	36,474	36,674	32,081	4,593
Contractual Services	64,606	62,657	53,168	9,489
Other Expenditures	15,300	15,050	8,844	6,206
Capital Outlay	8,600	10,600	10,579	21
Total Code Administration	<u>1,349,778</u>	<u>1,349,780</u>	<u>1,260,961</u>	<u>88,819</u>
Total Community Environment	<u>1,349,778</u>	<u>1,349,780</u>	<u>1,260,961</u>	<u>88,819</u>
General Government:				
City Council:				
Personal Services	127,198	139,416	139,065	351
Total City Council	<u>127,198</u>	<u>139,416</u>	<u>139,065</u>	<u>351</u>
Clerk of Council:				
Personal Services	47,923	47,923	47,793	130
Materials and Supplies	1,175	2,435	1,614	821
Contractual Services	43,430	43,179	36,996	6,183
Total Clerk of Council	<u>92,528</u>	<u>93,537</u>	<u>86,403</u>	<u>7,134</u>
Mayor:				
Personal Services	140,575	140,589	140,366	223
Materials and Supplies	2,734	2,734	1,950	784
Contractual Services	15,471	14,457	7,821	6,636
Total Mayor	<u>158,780</u>	<u>157,780</u>	<u>150,137</u>	<u>7,643</u>
Auditor:				
Personal Services	381,090	387,547	386,958	589
Materials and Supplies	8,449	8,244	7,044	1,200
Contractual Services	161,826	177,187	165,046	12,141
Total Auditor	<u>551,365</u>	<u>572,978</u>	<u>559,048</u>	<u>13,930</u>
Treasurer:				
Personal Services	87,427	88,594	87,959	635
Materials and Supplies	3,400	2,145	1,331	814
Contractual Services	12,756	12,844	12,063	781
Total Treasurer	<u>103,583</u>	<u>103,583</u>	<u>101,353</u>	<u>2,230</u>

(Continued)

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Law Director:				
Personal Services	700,513	712,467	711,782	685
Materials and Supplies	12,066	6,677	5,265	1,412
Contractual Services	46,470	99,126	90,359	8,767
Other Expenditures	0	20,044	20,044	0
Total Law Director	<u>759,049</u>	<u>838,314</u>	<u>827,450</u>	<u>10,864</u>
Clerk of Courts:				
Personal Services	861,817	870,754	865,799	4,955
Materials and Supplies	19,491	28,909	21,731	7,178
Contractual Services	127,588	110,948	92,534	18,414
Capital Outlay	0	1,850	1,850	0
Total Clerk of Courts	<u>1,008,896</u>	<u>1,012,461</u>	<u>981,914</u>	<u>30,547</u>
Civil Service:				
Materials and Supplies	250	250	56	194
Contractual Services	<u>82,060</u>	<u>82,060</u>	<u>53,482</u>	<u>28,578</u>
Total Civil Service	<u>82,310</u>	<u>82,310</u>	<u>53,538</u>	<u>28,772</u>
Contingency-Reserve:				
Claims and Judgements	<u>113,336</u>	<u>26,112</u>	<u>13,333</u>	<u>12,779</u>
Total Contingency-Reserve	<u>113,336</u>	<u>26,112</u>	<u>13,333</u>	<u>12,779</u>
Judiciary:				
Personal Services	548,224	575,259	549,553	25,706
Materials and Supplies	16,567	16,780	13,345	3,435
Contractual Services	98,031	92,554	75,170	17,384
Capital Outlay	989	989	989	0
Total Judiciary	<u>663,811</u>	<u>685,582</u>	<u>639,057</u>	<u>46,525</u>
Personnel:				
Personal Services	175,685	176,685	173,629	3,056
Materials and Supplies	1,076	1,937	1,810	127
Contractual Services	<u>16,876</u>	<u>16,017</u>	<u>14,089</u>	<u>1,928</u>
Total Personnel	<u>193,637</u>	<u>194,639</u>	<u>189,528</u>	<u>5,111</u>

(Continued)

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Adult Probation:				
Personal Services	580,086	592,555	573,694	18,861
Materials and Supplies	25,273	26,245	22,273	3,972
Contractual Services	64,389	65,545	59,369	6,176
Capital Outlay	0	5,000	5,000	0
Total Adult Probation	669,748	689,345	660,336	29,009
Probation Officer:				
Materials and Supplies	5,497	5,498	1,892	3,606
Contractual Services	4,695	4,695	59	4,636
Total Probation Officer	10,192	10,193	1,951	8,242
Night Prosecutor:				
Personal Services	11,330	11,330	8,319	3,011
Materials and Supplies	250	250	95	155
Total Night Prosecutor	11,580	11,580	8,414	3,166
Service Department:				
Personal Services	248,499	249,217	247,511	1,706
Materials and Supplies	10,957	15,457	9,960	5,497
Contractual Services	634,290	628,347	618,982	9,365
Other Expenditures	0	14,725	9,624	5,101
Total Service Department	893,746	907,746	886,077	21,669
Engineer Department:				
Personal Services	390,674	393,775	393,193	582
Materials and Supplies	10,132	9,556	5,636	3,920
Contractual Services	39,427	37,601	33,101	4,500
Total Engineer Department	440,233	440,932	431,930	9,002
Information Services:				
Personal Services	132,611	132,611	127,866	4,745
Materials and Supplies	13,066	10,695	4,987	5,708
Contractual Services	87,797	85,168	67,426	17,742
Other Expenditures	100	100	0	100
Capital Outlay	0	2,500	2,500	0
Total Information Services	233,574	231,074	202,779	28,295

(Continued)

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Custodial:				
Personal Services	116,395	116,395	113,248	3,147
Materials and Supplies	39,094	36,949	32,162	4,787
Contractual Services	206,521	208,313	175,834	32,479
Other Expenditures	0	352	352	0
Total Custodial	362,010	362,009	321,596	40,413
Economic Development:				
Personal Services	69,617	69,863	69,859	4
Materials and Supplies	2,000	1,700	1,370	330
Contractual Services	10,678	10,732	7,464	3,268
Other Expenditures	25	25	0	25
Capital Outlay	0	2,500	2,500	0
Total Economic Development	82,320	84,820	81,193	3,627
Safety Director:				
Personal Services	196,934	202,734	202,121	613
Materials and Supplies	12,181	10,848	5,677	5,171
Contractual Services	59,963	61,295	55,613	5,682
Total Safety Director	269,178	274,977	263,411	11,566
Total General Government	6,827,073	6,919,388	6,598,513	320,875
Total Expenditures	28,152,785	28,394,501	26,469,384	1,925,117
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,665,219)	(17,574,980)	(15,714,064)	1,860,916
Other Financing Sources (Uses):				
Sale of Capital Assets	22,000	22,000	22,192	192
Transfers In	32,882,279	32,940,013	31,428,043	(1,511,970)
Transfers Out	(19,259,723)	(19,254,798)	(17,899,520)	1,355,278
Advances In	0	820,000	820,000	0
Advances Out	0	(1,289,810)	(1,289,810)	0
Total Other Financing Sources (Uses)	13,644,556	13,237,405	13,080,905	(156,500)
Net Change in Fund Balances	(4,020,663)	(4,337,575)	(2,633,159)	1,704,416
Fund Balance at Beginning of Year	2,422,930	2,422,930	2,422,930	0
Prior Year Encumbrances	762,344	762,344	762,344	0
Fund Balance at End of Year	\$ (835,389)	\$ (1,152,301)	\$ 552,115	\$ 1,704,416

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Special Revenue Funds
For the Year Ended December 31, 2003***

	INCOME TAX FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 17,485,000	\$ 17,485,000	\$ 17,371,837	\$ (113,163)
All Other Revenues	0	0	5,832	5,832
Total Revenues	<u>17,485,000</u>	<u>17,485,000</u>	<u>17,377,669</u>	<u>(107,331)</u>
Expenditures:				
General Government:				
Personal Services	565,935	565,935	560,445	5,490
Materials and Supplies	45,243	44,906	30,452	14,454
Contractual Services	130,528	125,690	74,001	51,689
Other Expenditures	275,000	285,000	274,753	10,247
Capital Outlay	8,625	22,685	22,185	500
Total Expenditures	<u>1,025,331</u>	<u>1,044,216</u>	<u>961,836</u>	<u>82,380</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,459,669	16,440,784	16,415,833	(24,951)
Other Financing Sources (Uses):				
Transfers Out	(16,413,486)	(16,413,486)	(15,954,816)	458,670
Total Other Financing Sources (Uses)	<u>(16,413,486)</u>	<u>(16,413,486)</u>	<u>(15,954,816)</u>	<u>458,670</u>
Net Change in Fund Balances	46,183	27,298	461,017	433,719
Fund Balance at Beginning of Year	33,721	33,721	33,721	0
Prior Year Encumbrances	22,287	22,287	22,287	0
Fund Balance at End of Year	<u>\$ 102,191</u>	<u>\$ 83,306</u>	<u>\$ 517,025</u>	<u>\$ 433,719</u>

CITY OF NEWARK, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Special Revenue Funds
For the Year Ended December 31, 2003**

COMMUNITY DEVELOPMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 3,216,461	\$ 3,255,094	\$ 1,084,462	\$ (2,170,632)
Investment Earnings	10,000	10,000	2,574	(7,426)
All Other Revenues	206,000	222,000	272,988	50,988
Total Revenues	<u>3,432,461</u>	<u>3,487,094</u>	<u>1,360,024</u>	<u>(2,127,070)</u>
Expenditures:				
Community Environment:				
Personal Services	442,695	454,780	389,555	65,225
Materials and Supplies	75,745	79,896	52,205	27,691
Contractual Services	2,708,592	3,030,613	1,598,482	1,432,131
Other Expenditures	76,661	195,579	142,980	52,599
Capital Outlay	3,000	3,500	2,870	630
Total Expenditures	<u>3,306,693</u>	<u>3,764,368</u>	<u>2,186,092</u>	<u>1,578,276</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	125,768	(277,274)	(826,068)	(548,794)
Other Financing Sources (Uses):				
Transfers In	0	0	9,068	9,068
Transfers Out	(1,000)	(10,677)	(10,677)	0
Total Other Financing Sources (Uses)	<u>(1,000)</u>	<u>(10,677)</u>	<u>(1,609)</u>	<u>9,068</u>
Net Change in Fund Balances	124,768	(287,951)	(827,677)	(539,726)
Fund Balance at Beginning of Year	45,737	45,737	45,737	0
Prior Year Encumbrances	363,885	363,885	363,885	0
Fund Balance at End of Year	<u>\$ 534,390</u>	<u>\$ 121,671</u>	<u>\$ (418,055)</u>	<u>\$ (539,726)</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Project Funds
For the Year Ended December 31, 2003***

CAPITAL IMPROVEMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 75,000	\$ 75,000	\$ 79,059	\$ 4,059
Investment Earnings	100,000	137,000	155,754	18,754
All Other Revenues	0	38,038	36,295	(1,743)
Total Revenues	<u>175,000</u>	<u>250,038</u>	<u>271,108</u>	<u>21,070</u>
Expenditures:				
Contractual Services	9,837,385	10,469,609	4,929,192	5,540,417
Materials and Supplies	360	18,208	17,640	568
Other Expenditures	0	3,000	3,000	0
Capital Outlay	211,896	1,059,304	1,053,041	6,263
Debt Service:				
Principal Retirement	9,600,000	9,600,000	9,600,000	0
Interest and Fiscal Charges	163,585	163,599	163,584	15
Total Expenditures	<u>19,813,226</u>	<u>21,313,720</u>	<u>15,766,457</u>	<u>5,547,263</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,638,226)	(21,063,682)	(15,495,349)	5,568,333
Other Financing Sources (Uses):				
General Obligation Bonds Issued	0	10,994,991	10,994,991	0
General Obligation Notes Issued	9,800,000	150,000	150,000	0
Transfers In	1,808,138	1,808,138	1,801,722	(6,416)
Transfers Out	(113,735)	(107,316)	(77,313)	30,003
Total Other Financing Sources (Uses)	<u>11,494,403</u>	<u>12,845,813</u>	<u>12,869,400</u>	<u>23,587</u>
Net Change in Fund Balances	(8,143,823)	(8,217,869)	(2,625,949)	5,591,920
Fund Balance at Beginning of Year	9,515,914	9,515,914	9,515,914	0
Prior Year Encumbrances	498,779	498,779	498,779	0
Fund Balance at End of Year	<u>\$ 1,870,870</u>	<u>\$ 1,796,824</u>	<u>\$ 7,388,744</u>	<u>\$ 5,591,920</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003***

STREET DEPARTMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 1,300,000	\$ 1,300,000	\$ 1,428,411	\$ 128,411
All Other Revenues	1,500	1,500	7,169	5,669
Total Revenues	<u>1,301,500</u>	<u>1,301,500</u>	<u>1,435,580</u>	<u>134,080</u>
Expenditures:				
Transportation:				
Personal Services	1,230,323	1,285,985	1,274,183	11,802
Materials and Supplies	322,270	339,306	271,594	67,712
Contractual Services	146,727	147,022	112,576	34,446
Other Expenditures	1,000	706	0	706
Total Expenditures	<u>1,700,320</u>	<u>1,773,019</u>	<u>1,658,353</u>	<u>114,666</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(398,820)	(471,519)	(222,773)	248,746
Other Financing Sources (Uses):				
Transfers In	669,886	734,886	513,284	(221,602)
Transfers Out	<u>(363,472)</u>	<u>(320,773)</u>	<u>(320,772)</u>	<u>1</u>
Total Other Financing Sources (Uses)	<u>306,414</u>	<u>414,113</u>	<u>192,512</u>	<u>(221,601)</u>
Net Change in Fund Balances	(92,406)	(57,406)	(30,261)	27,145
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	<u>92,406</u>	<u>92,406</u>	<u>92,406</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 35,000</u>	<u>\$ 62,145</u>	<u>\$ 27,145</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003***

	CEMETERY FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 2,500	\$ 2,500	\$ 492	\$ (2,008)
Charges for Services	142,550	142,550	159,249	16,699
Investment Earnings	40,500	40,500	24,930	(15,570)
All Other Revenues	15,000	15,000	16,009	1,009
Total Revenues	<u>200,550</u>	<u>200,550</u>	<u>200,680</u>	<u>130</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	367,360	353,856	320,403	33,453
Materials and Supplies	58,928	56,263	43,546	12,717
Contractual Services	76,428	92,598	66,851	25,747
Other Expenditures	8,675	16,745	9,770	6,975
Total Expenditures	<u>511,391</u>	<u>519,462</u>	<u>440,570</u>	<u>78,892</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(310,841)	(318,912)	(239,890)	79,022
Other Financing Sources (Uses):				
Transfers In	311,026	311,026	227,558	(83,468)
Transfers Out	(27,300)	(27,300)	(27,200)	100
Total Other Financing Sources (Uses)	<u>283,726</u>	<u>283,726</u>	<u>200,358</u>	<u>(83,368)</u>
Net Change in Fund Balances	(27,115)	(35,186)	(39,532)	(4,346)
Fund Balance at Beginning of Year	388,988	388,988	388,988	0
Prior Year Encumbrances	25,315	25,315	25,315	0
Fund Balance at End of Year	<u>\$ 387,188</u>	<u>\$ 379,117</u>	<u>\$ 374,771</u>	<u>\$ (4,346)</u>

CITY OF NEWARK, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003**

PARKS AND RECREATION FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 2,500	\$ 2,500	\$ 1,883	\$ (617)
Charges for Services	181,880	181,880	161,013	(20,867)
Licenses, Permits and Fees	160,000	160,000	168,361	8,361
All Other Revenues	7,500	10,500	7,852	(2,648)
Total Revenues	<u>351,880</u>	<u>354,880</u>	<u>339,109</u>	<u>(15,771)</u>
Expenditures:				
Leisure Time Activities:				
Parks and Recreation:				
Personal Services	476,916	476,916	459,995	16,921
Materials and Supplies	57,325	61,798	49,662	12,136
Contractual Services	187,303	188,984	177,173	11,811
Other Expenditures	94	104	13	91
Totals Parks and Recreation	<u>721,638</u>	<u>727,802</u>	<u>686,843</u>	<u>40,959</u>
Pools and Concessions:				
Materials and Supplies	40,285	28,617	16,908	11,709
Contractual Services	15,141	13,151	10,794	2,357
Other Expenditures	1,410	1,410	950	460
Total Pools and Concessions	<u>56,836</u>	<u>43,178</u>	<u>28,652</u>	<u>14,526</u>
Summer Recreation Program:				
Materials and Supplies	4,928	6,428	2,344	4,084
Contractual Services	14,946	12,366	7,768	4,598
Other Expenditures	125	0	0	0
Total Summer Recreation Program	<u>19,999</u>	<u>18,794</u>	<u>10,112</u>	<u>8,682</u>
Youth Services:				
Materials and Supplies	424	424	25	399
Contractual Services	3,223	3,223	2,597	626
Total Youth Services	<u>3,647</u>	<u>3,647</u>	<u>2,622</u>	<u>1,025</u>

(Continued)

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003***

PARKS AND RECREATION FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Ice Skating Rink/Concession Trailer:				
Materials and Supplies	42,389	56,245	43,191	13,054
Contractual Services	108,035	105,279	75,582	29,697
Other Expenditures	2,421	2,521	1,334	1,187
Total Ice Skating Rink/Concession Trailer	<u>152,845</u>	<u>164,045</u>	<u>120,107</u>	<u>43,938</u>
Total Expenditures	<u>954,965</u>	<u>957,466</u>	<u>848,336</u>	<u>109,130</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(603,085)	(602,586)	(509,227)	93,359
Other Financing Sources (Uses):				
Transfers In	497,796	497,796	403,939	(93,857)
Total Other Financing Sources (Uses)	<u>497,796</u>	<u>497,796</u>	<u>403,939</u>	<u>(93,857)</u>
Net Change in Fund Balances	(105,289)	(104,790)	(105,288)	(498)
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	105,288	105,288	105,288	0
Fund Balance at End of Year	<u>\$ (1)</u>	<u>\$ 498</u>	<u>\$ 0</u>	<u>\$ (498)</u>

CITY OF NEWARK, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003**

	TRAFFIC CONTROL FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Charges for Services	\$ 45,000	\$ 45,000	\$ 35,520	\$ (9,480)
All Other Revenues	21,000	21,000	20,167	(833)
Total Revenues	<u>66,000</u>	<u>66,000</u>	<u>55,687</u>	<u>(10,313)</u>
Expenditures:				
Security of Persons and Property:				
Parking:				
Personal Services	49,808	75,938	71,524	4,414
Materials and Supplies	3,499	3,465	2,963	502
Contractual Services	1,240	1,941	1,678	263
Total Parking	<u>54,547</u>	<u>81,344</u>	<u>76,165</u>	<u>5,179</u>
Traffic Sign:				
Personal Services	115,214	167,327	163,122	4,205
Materials and Supplies	93,133	94,278	89,568	4,710
Contractual Services	19,338	19,043	15,624	3,419
Total Traffic Sign	<u>227,685</u>	<u>280,648</u>	<u>268,314</u>	<u>12,334</u>
Lights:				
Personal Services	240,281	232,625	230,684	1,941
Materials and Supplies	73,653	73,104	71,322	1,782
Contractual Services	64,025	63,725	59,318	4,407
Total Lights	<u>377,959</u>	<u>369,454</u>	<u>361,324</u>	<u>8,130</u>
Total Expenditures	<u>660,191</u>	<u>731,446</u>	<u>705,803</u>	<u>25,643</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(594,191)	(665,446)	(650,116)	15,330
Other Financing Sources (Uses):				
Transfers In	567,152	651,609	623,074	(28,535)
Total Other Financing Sources (Uses)	<u>567,152</u>	<u>651,609</u>	<u>623,074</u>	<u>(28,535)</u>
Net Change in Fund Balances	(27,039)	(13,837)	(27,042)	(13,205)
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	27,040	27,040	27,040	0
Fund Balance at End of Year	<u>\$ 1</u>	<u>\$ 13,203</u>	<u>\$ (2)</u>	<u>\$ (13,205)</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003***

COMPOST FACILITY FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Charges for Services	\$ 15,000	\$ 15,000	\$ 13,589	\$ (1,411)
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>13,589</u>	<u>(1,411)</u>
Expenditures:				
Community Environment:				
Personal Services	10,652	9,276	9,054	222
Materials and Supplies	75	100	66	34
Contractual Services	<u>8,392</u>	<u>9,744</u>	<u>9,129</u>	<u>615</u>
Total Expenditures	<u>19,119</u>	<u>19,120</u>	<u>18,249</u>	<u>871</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,119)	(4,120)	(4,660)	(540)
Other Financing Sources (Uses):				
Transfers In	<u>3,439</u>	<u>3,439</u>	<u>1,088</u>	<u>(2,351)</u>
Total Other Financing Sources (Uses)	<u>3,439</u>	<u>3,439</u>	<u>1,088</u>	<u>(2,351)</u>
Net Change in Fund Balances	(680)	(681)	(3,572)	(2,891)
Fund Balance at Beginning of Year	5,958	5,958	5,958	0
Prior Year Encumbrances	<u>680</u>	<u>680</u>	<u>680</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,958</u>	<u>\$ 5,957</u>	<u>\$ 3,066</u>	<u>\$ (2,891)</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 3,000	\$ 3,000	\$ 3,848	\$ 848
All Other Revenues	<u>5,800</u>	<u>5,800</u>	<u>4,600</u>	<u>(1,200)</u>
Total Revenues	<u>8,800</u>	<u>8,800</u>	<u>8,448</u>	<u>(352)</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	<u>4,780</u>	<u>4,780</u>	<u>2,185</u>	<u>2,595</u>
Total Expenditures	<u>4,780</u>	<u>4,780</u>	<u>2,185</u>	<u>2,595</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,020	4,020	6,263	2,243
Fund Balance at Beginning of Year	<u>83,001</u>	<u>83,001</u>	<u>83,001</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 87,021</u>	<u>\$ 87,021</u>	<u>\$ 89,264</u>	<u>\$ 2,243</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003***

POLICE GRANT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 128,099	\$ 154,977	\$ 94,851	\$ (60,126)
Investment Earnings	0	0	509	509
Total Revenues	<u>128,099</u>	<u>154,977</u>	<u>95,360</u>	<u>(59,617)</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	116,965	100,938	64,420	36,518
Materials and Supplies	550	1,456	1,456	0
Contractual Services	35,321	55,348	45,369	9,979
Capital Outlay	0	31,093	31,086	7
Total Expenditures	<u>152,836</u>	<u>188,835</u>	<u>142,331</u>	<u>46,504</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,737)	(33,858)	(46,971)	(13,113)
Fund Balance at Beginning of Year	30,284	30,284	30,284	0
Prior Year Encumbrances	4,492	4,492	4,492	0
Fund Balance at End of Year	<u>\$ 10,039</u>	<u>\$ 918</u>	<u>\$ (12,195)</u>	<u>\$ (13,113)</u>

CITY OF NEWARK, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003**

	POLICE/FIRE PENSION FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 402,086	\$ 431,384	\$ 394,819	\$ (36,565)
Intergovernmental Revenues	0	0	48,157	48,157
Total Revenues	<u>402,086</u>	<u>431,384</u>	<u>442,976</u>	<u>11,592</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	402,086	431,384	442,976	11,592
Other Financing Sources (Uses):				
Transfers Out	<u>(402,086)</u>	<u>(402,086)</u>	<u>(378,302)</u>	<u>23,784</u>
Total Other Financing Sources (Uses)	<u>(402,086)</u>	<u>(402,086)</u>	<u>(378,302)</u>	<u>23,784</u>
Net Change in Fund Balances	0	29,298	64,674	35,376
Fund Balance at Beginning of Year	<u>3,059</u>	<u>3,059</u>	<u>3,059</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,059</u>	<u>\$ 32,357</u>	<u>\$ 67,733</u>	<u>\$ 35,376</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003***

	CEMETERY RENTAL FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Charges for Services	\$ 9,900	\$ 9,900	\$ 8,910	\$ (990)
Total Revenues	<u>9,900</u>	<u>9,900</u>	<u>8,910</u>	<u>(990)</u>
Expenditures:				
Public Health and Welfare Services:				
Materials and Supplies	1,700	1,139	0	1,139
Contractual Services	<u>3,900</u>	<u>4,461</u>	<u>3,349</u>	<u>1,112</u>
Total Expenditures	<u>5,600</u>	<u>5,600</u>	<u>3,349</u>	<u>2,251</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,300	4,300	5,561	1,261
Other Financing Sources (Uses):				
Transfers Out	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>0</u>
Net Change in Fund Balances	(700)	(700)	561	1,261
Fund Balance at Beginning of Year	12,610	12,610	12,610	0
Prior Year Encumbrances	<u>700</u>	<u>700</u>	<u>700</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 12,610</u>	<u>\$ 12,610</u>	<u>\$ 13,871</u>	<u>\$ 1,261</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 115,817</u>	<u>\$ (4,183)</u>
Total Revenues	<u>120,000</u>	<u>120,000</u>	<u>115,817</u>	<u>(4,183)</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	120,000	120,000	115,817	(4,183)
Other Financing Sources (Uses):				
Transfers Out	<u>(120,000)</u>	<u>(122,402)</u>	<u>(122,402)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(120,000)</u>	<u>(122,402)</u>	<u>(122,402)</u>	<u>0</u>
Net Change in Fund Balances	0	(2,402)	(6,585)	(4,183)
Fund Balance at Beginning of Year	<u>16,519</u>	<u>16,519</u>	<u>16,519</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 16,519</u>	<u>\$ 14,117</u>	<u>\$ 9,934</u>	<u>\$ (4,183)</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003***

LAW ENFORCEMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 30,000	\$ 30,000	\$ 25,980	\$ (4,020)
Fines and Forfeitures	31,600	31,600	26,822	(4,778)
Total Revenues	<u>61,600</u>	<u>61,600</u>	<u>52,802</u>	<u>(8,798)</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	121,013	121,013	88,822	32,191
Total Expenditures	<u>121,013</u>	<u>121,013</u>	<u>88,822</u>	<u>32,191</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(59,413)	(59,413)	(36,020)	23,393
Fund Balance at Beginning of Year	179,573	179,573	179,573	0
Prior Year Encumbrances	39,413	39,413	39,413	0
Fund Balance at End of Year	<u>\$ 159,573</u>	<u>\$ 159,573</u>	<u>\$ 182,966</u>	<u>\$ 23,393</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003***

TRAFFIC SAFETY FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 33,638	\$ 33,636	\$ (2)
Total Revenues	<u>0</u>	<u>33,638</u>	<u>33,636</u>	<u>(2)</u>
Expenditures:				
Security of Persons and Property:				
Materials and Supplies	<u>585</u>	<u>585</u>	<u>585</u>	<u>0</u>
Total Expenditures	<u>585</u>	<u>585</u>	<u>585</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(585)	33,053	33,051	(2)
Other Financing Sources (Uses):				
Advances Out	<u>0</u>	<u>(17,397)</u>	<u>(17,397)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(17,397)</u>	<u>(17,397)</u>	<u>0</u>
Net Change in Fund Balances	(585)	15,656	15,654	(2)
Fund Balance at Beginning of Year	(585)	(585)	(585)	0
Prior Year Encumbrances	<u>585</u>	<u>585</u>	<u>585</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ (585)</u></u>	<u><u>\$ 15,656</u></u>	<u><u>\$ 15,654</u></u>	<u><u>\$ (2)</u></u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 75,000	\$ 75,000	\$ 64,678	\$ (10,322)
Total Revenues	<u>75,000</u>	<u>75,000</u>	<u>64,678</u>	<u>(10,322)</u>
Expenditures:				
General Government:				
Materials and Supplies	13,956	13,956	6,730	7,226
Contractual Services	45,350	45,350	20,295	25,055
Capital Outlay	<u>40,688</u>	<u>110,688</u>	<u>77,513</u>	<u>33,175</u>
Total Expenditures	<u>99,994</u>	<u>169,994</u>	<u>104,538</u>	<u>65,456</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,994)	(94,994)	(39,860)	55,134
Fund Balance at Beginning of Year	172,660	172,660	172,660	0
Prior Year Encumbrances	<u>4,994</u>	<u>4,994</u>	<u>4,994</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 152,660</u>	<u>\$ 82,660</u>	<u>\$ 137,794</u>	<u>\$ 55,134</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003***

	BROADCAST FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
General Government:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Other Financing Sources (Uses):				
Transfers Out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>0</u>
Net Change in Fund Balances	(50,000)	(50,000)	(50,000)	0
Fund Balance at Beginning of Year	<u>50,000</u>	<u>50,000</u>	<u>50,000</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>	<u><u>\$ 0</u></u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 290,410	\$ 290,410	\$ 250,000	\$ (40,410)
Total Revenues	<u>290,410</u>	<u>290,410</u>	<u>250,000</u>	<u>(40,410)</u>
Expenditures:				
Transportation:				
Contractual Services	<u>516,254</u>	<u>766,254</u>	<u>766,253</u>	<u>1</u>
Total Expenditures	<u>516,254</u>	<u>766,254</u>	<u>766,253</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(225,844)	(475,844)	(516,253)	(40,409)
Fund Balance at Beginning of Year	327,585	327,585	327,585	0
Prior Year Encumbrances	<u>188,669</u>	<u>188,669</u>	<u>188,669</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 290,410</u>	<u>\$ 40,410</u>	<u>\$ 1</u>	<u>\$ (40,409)</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003***

	PROBATION GRANT FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 123,041	\$ 123,041	\$ 86,497	\$ (36,544)
All Other Revenues	0	0	39	39
Total Revenues	<u>123,041</u>	<u>123,041</u>	<u>86,536</u>	<u>(36,505)</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	89,957	95,419	95,100	319
Materials and Supplies	9,687	9,686	8,187	1,499
Contractual Services	8,980	8,427	7,590	837
Other Expenditures	0	11,700	11,700	0
Capital Outlay	83	83	83	0
Total Expenditures	<u>108,707</u>	<u>125,315</u>	<u>122,660</u>	<u>2,655</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,334	(2,274)	(36,124)	(33,850)
Other Financing Sources (Uses):				
Transfers In	0	30,811	30,811	0
Advances Out	0	(7,544)	(7,544)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>23,267</u>	<u>23,267</u>	<u>0</u>
Net Change in Fund Balances	14,334	20,993	(12,857)	(33,850)
Fund Balance at Beginning of Year	10,584	10,584	10,584	0
Prior Year Encumbrances	2,646	2,646	2,646	0
Fund Balance at End of Year	<u>\$ 27,564</u>	<u>\$ 34,223</u>	<u>\$ 373</u>	<u>\$ (33,850)</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003***

	IMPOUND FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Charges for Services	\$ 70,000	\$ 70,000	\$ 61,004	\$ (8,996)
Total Revenues	<u>70,000</u>	<u>70,000</u>	<u>61,004</u>	<u>(8,996)</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	23,450	23,450	23,448	2
Materials and Supplies	2,445	1,745	489	1,256
Contractual Services	89,753	89,468	77,529	11,939
Other Expenditures	0	985	985	0
Total Expenditures	<u>115,648</u>	<u>115,648</u>	<u>102,451</u>	<u>13,197</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45,648)	(45,648)	(41,447)	4,201
Other Financing Sources (Uses):				
Sale of Capital Assets	35,000	35,000	35,900	900
Transfers Out	(20,000)	(20,000)	(20,000)	0
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>15,000</u>	<u>15,900</u>	<u>900</u>
Net Change in Fund Balances	(30,648)	(30,648)	(25,547)	5,101
Fund Balance at Beginning of Year	24,796	24,796	24,796	0
Prior Year Encumbrances	14,099	14,099	14,099	0
Fund Balance at End of Year	<u>\$ 8,247</u>	<u>\$ 8,247</u>	<u>\$ 13,348</u>	<u>\$ 5,101</u>

CITY OF NEWARK, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003**

FEDERAL TRANSIT ADMINISTRATION FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 1,180,000	\$ 1,296,033	\$ 983,810	\$ (312,223)
Charges for Services	400,000	473,391	364,880	(108,511)
All Other Revenues	65,000	65,000	358	(64,642)
Total Revenues	<u>1,645,000</u>	<u>1,834,424</u>	<u>1,349,048</u>	<u>(485,376)</u>
Expenditures:				
Transportation:				
Personal Services	74,565	74,565	64,265	10,300
Materials and Supplies	32,278	32,777	31,702	1,075
Contractual Services	1,509,383	1,574,524	1,376,300	198,224
Other Expenditures	1,000	1,000	213	787
Capital Outlay	1,500	42,040	41,975	65
Total Expenditures	<u>1,618,726</u>	<u>1,724,906</u>	<u>1,514,455</u>	<u>210,451</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	26,274	109,518	(165,407)	(274,925)
Other Financing Sources (Uses):				
Advances In	0	100,985	100,985	0
Advances Out	0	(68,444)	(68,444)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>32,541</u>	<u>32,541</u>	<u>0</u>
Net Change in Fund Balances	26,274	142,059	(132,866)	(274,925)
Fund Balance at Beginning of Year	(32,210)	(32,210)	(32,210)	0
Prior Year Encumbrances	32,210	32,210	32,210	0
Fund Balance at End of Year	<u>\$ 26,274</u>	<u>\$ 142,059</u>	<u>\$ (132,866)</u>	<u>\$ (274,925)</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003***

LITTER GRANT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 118,685	\$ 118,685	\$ 120,926	\$ 2,241
All Other Revenues	9,000	9,000	14,049	5,049
Total Revenues	<u>127,685</u>	<u>127,685</u>	<u>134,975</u>	<u>7,290</u>
Expenditures:				
Community Environment:				
Personal Services	57,568	66,793	64,466	2,327
Materials and Supplies	38,161	46,586	39,659	6,927
Contractual Services	45,120	60,379	57,013	3,366
Other Expenditures	0	242	0	242
Total Expenditures	<u>140,849</u>	<u>174,000</u>	<u>161,138</u>	<u>12,862</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,164)	(46,315)	(26,163)	20,152
Other Financing Sources (Uses):				
Transfers In	0	0	1,609	1,609
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>1,609</u>	<u>1,609</u>
Net Change in Fund Balances	(13,164)	(46,315)	(24,554)	21,761
Fund Balance at Beginning of Year	37,265	37,265	37,265	0
Prior Year Encumbrances	<u>13,970</u>	<u>13,970</u>	<u>13,970</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 38,071</u>	<u>\$ 4,920</u>	<u>\$ 26,681</u>	<u>\$ 21,761</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003***

	FEMA FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	<u>\$ 0</u>	<u>\$ 48,823</u>	<u>\$ 48,823</u>	<u>\$ 0</u>
Total Revenues	<u>0</u>	<u>48,823</u>	<u>48,823</u>	<u>0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	48,823	48,823	0
Other Financing Sources (Uses):				
Transfers Out	<u>0</u>	<u>(44,457)</u>	<u>(44,457)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(44,457)</u>	<u>(44,457)</u>	<u>0</u>
Net Change in Fund Balances	0	4,366	4,366	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 4,366</u>	<u>\$ 4,366</u>	<u>\$ 0</u>

CITY OF NEWARK, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 4,393	\$ 4,393	\$ 4,393	\$ 0
Total Revenues	<u>4,393</u>	<u>4,393</u>	<u>4,393</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	<u>2,150</u>	<u>2,150</u>	<u>2,150</u>	<u>0</u>
Total Expenditures	<u>2,150</u>	<u>2,150</u>	<u>2,150</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,243	2,243	2,243	0
Fund Balance at Beginning of Year	<u>123,605</u>	<u>123,605</u>	<u>123,605</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 125,848</u>	<u>\$ 125,848</u>	<u>\$ 125,848</u>	<u>\$ 0</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Fund
For the Year Ended December 31, 2003***

DEBT SERVICE FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Special Assessments	\$ 45,000	\$ 45,000	\$ 43,758	\$ (1,242)
All Other Revenues	0	0	8,046	8,046
Total Revenues	<u>45,000</u>	<u>45,000</u>	<u>51,804</u>	<u>6,804</u>
Expenditures:				
General Government:				
Contractual Services	6,841	6,841	4,841	2,000
Debt Service:				
Principal Retirement	300,000	300,000	300,000	0
Interest and Fiscal Charges	<u>22,943</u>	<u>22,943</u>	<u>16,783</u>	<u>6,160</u>
Total Expenditures	<u>329,784</u>	<u>329,784</u>	<u>321,624</u>	<u>8,160</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(284,784)	(284,784)	(269,820)	14,964
Other Financing Sources (Uses):				
General Obligation Notes Issued	230,000	230,000	230,000	0
Transfers In	<u>57,000</u>	<u>57,000</u>	<u>56,562</u>	<u>(438)</u>
Total Other Financing Sources (Uses)	<u>287,000</u>	<u>287,000</u>	<u>286,562</u>	<u>(438)</u>
Net Change in Fund Balances	2,216	2,216	16,742	14,526
Fund Balance at Beginning of Year	1,924	1,924	1,924	0
Prior Year Encumbrances	<u>4,841</u>	<u>4,841</u>	<u>4,841</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 8,981</u>	<u>\$ 8,981</u>	<u>\$ 23,507</u>	<u>\$ 14,526</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003***

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

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003***

DEO DRIVE IMPROVEMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
All Other Revenues	\$ 0	\$ 5,000	\$ 5,294	\$ 294
Total Revenues	<u>0</u>	<u>5,000</u>	<u>5,294</u>	<u>294</u>
Expenditures:				
Contractual Services	16,225	596,124	596,125	(1)
Other Expenditures	0	4,178	4,177	1
Debt Service:				
Principal Retirement	550,000	550,000	550,000	0
Interest and Fiscal Charges	<u>11,780</u>	<u>11,780</u>	<u>5,360</u>	<u>6,420</u>
Total Expenditures	<u>578,005</u>	<u>1,162,082</u>	<u>1,155,662</u>	<u>6,420</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(578,005)	(1,157,082)	(1,150,368)	6,714
Other Financing Sources (Uses):				
General Obligation Notes Issued	550,000	1,125,000	1,125,000	0
Transfers In	<u>11,780</u>	<u>11,780</u>	<u>5,360</u>	<u>(6,420)</u>
Total Other Financing Sources (Uses)	<u>561,780</u>	<u>1,136,780</u>	<u>1,130,360</u>	<u>(6,420)</u>
Net Change in Fund Balances	(16,225)	(20,302)	(20,008)	294
Fund Balance at Beginning of Year	17,245	17,245	17,245	0
Prior Year Encumbrances	<u>6,225</u>	<u>6,225</u>	<u>6,225</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 7,245</u>	<u>\$ 3,168</u>	<u>\$ 3,462</u>	<u>\$ 294</u>

CITY OF NEWARK, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003**

BIKEWAY UPGRADE FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 1,055,130	\$ 1,851,469	\$ 0	\$ (1,851,469)
Total Revenues	<u>1,055,130</u>	<u>1,851,469</u>	<u>0</u>	<u>(1,851,469)</u>
Expenditures:				
Contractual Services	0	978,600	978,599	1
Capital Outlay	0	337,210	337,210	0
Total Expenditures	<u>0</u>	<u>1,315,810</u>	<u>1,315,809</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,055,130	535,659	(1,315,809)	(1,851,468)
Other Financing Sources (Uses):				
Advances In	0	1,188,825	1,188,825	0
Advances Out	0	(726,615)	(726,615)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>462,210</u>	<u>462,210</u>	<u>0</u>
Net Change in Fund Balances	1,055,130	997,869	(853,599)	(1,851,468)
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,055,130</u>	<u>\$ 997,869</u>	<u>\$ (853,599)</u>	<u>\$ (1,851,468)</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003***

EAST MAIN STREET BRIDGE REPLACEMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
All Other Revenues	\$ 0	\$ 0	\$ 3,614	\$ 3,614
Total Revenues	<u>0</u>	<u>0</u>	<u>3,614</u>	<u>3,614</u>
Expenditures:				
Contractual Services	13,950	13,950	3,464	10,486
Debt Service:				
Principal Retirement	1,759,000	1,759,000	1,759,000	0
Interest and Fiscal Charges	<u>44,975</u>	<u>44,975</u>	<u>15,390</u>	<u>29,585</u>
Total Expenditures	<u>1,817,925</u>	<u>1,817,925</u>	<u>1,777,854</u>	<u>40,071</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,817,925)	(1,817,925)	(1,774,240)	43,685
Other Financing Sources (Uses):				
General Obligation Notes Issued	1,759,000	1,759,000	1,759,000	0
Transfers In	<u>44,975</u>	<u>44,975</u>	<u>15,391</u>	<u>(29,584)</u>
Total Other Financing Sources (Uses)	<u>1,803,975</u>	<u>1,803,975</u>	<u>1,774,391</u>	<u>(29,584)</u>
Expenditures and Other Financing Uses	(13,950)	(13,950)	151	14,101
Fund Balance at Beginning of Year	26,899	26,899	26,899	0
Prior Year Encumbrances	<u>750</u>	<u>750</u>	<u>750</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 13,699</u>	<u>\$ 13,699</u>	<u>\$ 27,800</u>	<u>\$ 14,101</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 50,000	\$ 50,000	\$ 45,221	\$ (4,779)
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>45,221</u>	<u>(4,779)</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	50,000	50,000	45,221	(4,779)
Fund Balance at Beginning of Year	<u>122,917</u>	<u>122,917</u>	<u>122,917</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 172,917</u>	<u>\$ 172,917</u>	<u>\$ 168,138</u>	<u>\$ (4,779)</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003***

	TAX INCREMENT FINANCING FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 400,000	\$ 400,000	\$ 349,731	\$ (50,269)
Total Revenues	<u>400,000</u>	<u>400,000</u>	<u>349,731</u>	<u>(50,269)</u>
Expenditures:				
Contractual Services	76,183	76,183	76,183	0
Other Expenditures	125,000	125,000	85,553	39,447
Debt Service:				
Principal Retirement	110,000	110,000	110,000	0
Interest and Fiscal Charges	150,698	150,698	150,698	0
Total Expenditures	<u>461,881</u>	<u>461,881</u>	<u>422,434</u>	<u>39,447</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(61,881)	(61,881)	(72,703)	(10,822)
Fund Balance at Beginning of Year	91,601	91,601	91,601	0
Prior Year Encumbrances	32,012	32,012	32,012	0
Fund Balance at End of Year	<u>\$ 61,732</u>	<u>\$ 61,732</u>	<u>\$ 50,910</u>	<u>\$ (10,822)</u>

CITY OF NEWARK, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Fund
For the Year Ended December 31, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 7,500	\$ 7,500	\$ 8,295	\$ 795
Total Revenues	<u>7,500</u>	<u>7,500</u>	<u>8,295</u>	<u>795</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,500	7,500	8,295	795
Fund Balance at Beginning of Year	<u>582,277</u>	<u>582,277</u>	<u>582,277</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 589,777</u>	<u>\$ 589,777</u>	<u>\$ 590,572</u>	<u>\$ 795</u>

Fiduciary Funds

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

Agency Funds

Municipal Court Fund

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

Fire Code Fund

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

Law Library Fund

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

CITY OF NEWARK, OHIO

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2003**

	Balance December 31, 2002	Additions	Deductions	Balance December 31, 2003
<u>Municipal Court Fund</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$433,444	\$4,290,102	(\$4,369,192)	\$354,354
Total Assets	<u>\$433,444</u>	<u>\$4,290,102</u>	<u>(\$4,369,192)</u>	<u>\$354,354</u>
Liabilities:				
Intergovernmental Payables	\$206,350	\$2,761,352	(\$2,784,415)	\$183,287
Due to Others	227,094	1,528,750	(1,584,777)	171,067
Total Liabilities	<u>\$433,444</u>	<u>\$4,290,102</u>	<u>(\$4,369,192)</u>	<u>\$354,354</u>
<u>Fire Code Fund</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$4,010	\$14,000	(\$8,000)	\$10,010
Total Assets	<u>\$4,010</u>	<u>\$14,000</u>	<u>(\$8,000)</u>	<u>\$10,010</u>
Liabilities:				
Due to Others	\$4,010	\$14,000	(\$8,000)	\$10,010
Total Liabilities	<u>\$4,010</u>	<u>\$14,000</u>	<u>(\$8,000)</u>	<u>\$10,010</u>
<u>Law Library Fund</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$5,606	\$0	\$0	\$5,606
Total Assets	<u>\$5,606</u>	<u>\$0</u>	<u>\$0</u>	<u>\$5,606</u>
Liabilities:				
Due to Others	\$5,606	\$0	\$0	\$5,606
Total Liabilities	<u>\$5,606</u>	<u>\$0</u>	<u>\$0</u>	<u>\$5,606</u>
<u>Totals - All Agency Funds</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$443,060	\$4,304,102	(\$4,377,192)	\$369,970
Total Assets	<u>\$443,060</u>	<u>\$4,304,102</u>	<u>(\$4,377,192)</u>	<u>\$369,970</u>
Liabilities:				
Intergovernmental Payables	\$206,350	\$2,761,352	(\$2,784,415)	\$183,287
Due to Others	236,710	1,542,750	(1,592,777)	186,683
Total Liabilities	<u>\$443,060</u>	<u>\$4,304,102</u>	<u>(\$4,377,192)</u>	<u>\$369,970</u>

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*

CITY OF NEWARK, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2003***

Capital Assets

Land	\$830,938
Construction in Progress	1,119,028
Buildings	6,954,591
Improvements other than Buildings	4,038,728
Infrastructure	2,918,445
Machinery and Equipment	<u>12,502,173</u>
Total Capital Assets	<u><u>\$28,363,903</u></u>

Investment in Capital Assets

General Fund	\$8,073,376
Special Revenue Funds	4,529,730
Capital Projects Funds	14,198,489
Enterprise Funds	71,804
Bonds	982,580
Grants	380,614
Donated	<u>127,310</u>
Total Investment in Capital Assets	<u><u>\$28,363,903</u></u>

CITY OF NEWARK, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2003**

Function and Activity	Land	Construction in Progress	Buildings	Improvements other than Buildings
General Government:				
Mayor	\$0	\$0	\$0	\$0
Auditor	0	0	0	0
Treasurer	0	0	0	0
Law	0	0	0	0
General Administration	471,437	0	2,171,307	0
Personnel Administration	0	0	0	0
Service	0	0	1,517,744	305,324
Engineer	0	427,461	0	25,000
Information System	0	0	0	125,517
Public Safety	0	0	0	0
Income Tax	0	0	0	0
Code Administration	0	0	0	0
Council/Clerk	0	0	0	3,987
Municipal Court	0	0	0	3,800
Adult Probation	0	0	0	0
Clerk of Court	0	0	0	4,607
General Storage	0	0	0	0
Total	471,437	427,461	3,689,051	468,235
Security of Persons and Property:				
Police	0	535,816	201,889	129,550
Fire	315,901	0	401,553	13,193
Animal Control	0	0	0	0
Total	315,901	535,816	603,442	142,743
Transportation:				
Street	0	0	1,427,281	1,274,877
Traffic Control	0	0	0	2,289
Total	0	0	1,427,281	1,277,166
Public Health and Welfare:				
Health	0	0	0	0
Cemetery	0	0	564,173	579,353
Total	0	0	564,173	579,353
Leisure Time Activities:				
Recreation/Seniors	0	9,869	670,644	1,286,843
Community Environment:				
Economic and Community Development	43600	145882	0	284388
Total Capital Assets	\$830,938	\$1,119,028	\$6,954,591	\$4,038,728

CITY OF NEWARK, OHIO

<u>Infrastructure</u>	<u>Machinery and Equipment</u>	<u>Total</u>
\$0	\$8,084	\$8,084
0	62,093	62,093
0	4,555	4,555
0	103,421	103,421
0	593,668	3,236,412
0	6,568	6,568
0	201,051	2,024,119
0	273,066	725,527
0	279,752	405,269
0	39,418	39,418
0	136,577	136,577
0	306,554	306,554
0	7,721	11,708
0	197,046	200,846
0	9,496	9,496
0	101,440	106,047
0	9,224	9,224
<u>0</u>	<u>2,339,734</u>	<u>7,395,918</u>
0	1,819,224	2,686,479
0	4,032,853	4,763,500
<u>0</u>	<u>30,087</u>	<u>30,087</u>
<u>0</u>	<u>5,882,164</u>	<u>7,480,066</u>
2,918,445	2,206,424	7,827,027
<u>0</u>	<u>532,973</u>	<u>535,262</u>
<u>2,918,445</u>	<u>2,739,397</u>	<u>8,362,289</u>
0	360,001	360,001
<u>0</u>	<u>249,735</u>	<u>1,393,261</u>
<u>0</u>	<u>609,736</u>	<u>1,753,262</u>
<u>0</u>	<u>604,500</u>	<u>2,571,856</u>
<u>0</u>	<u>326,642</u>	<u>800,512</u>
<u>\$2,918,445</u>	<u>\$12,502,173</u>	<u>\$28,363,903</u>

CITY OF NEWARK, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule Changes by Function and Activity
For Year Ended December 31, 2003**

Function and Activity	December 31, 2002	Transfers	Additions	Deletions	December 31, 2003
<u>General Government:</u>					
Mayor	\$8,084	\$0	\$0	\$0	\$8,084
Auditor	62,093	0	0	0	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	6,568	0	0	0	6,568
Service	2,024,119	0	0	0	2,024,119
Engineer	277,035	14,815	433,677	0	725,527
Information System	405,269	0	0	0	405,269
Public Safety	39,418	0	0	0	39,418
Income Tax	133,745	0	2,832	0	136,577
Code Administration	289,703	(29,630)	46,481	0	306,554
Council/Clerk	11,708	0	0	0	11,708
Municipal Court	185,114	0	15,732	0	200,846
Adult Probation	2,296	0	7,200	0	9,496
Clerk of Court	48,855	0	57,192	0	106,047
General Storage	9,224	0	0	0	9,224
Total	6,847,619	(14,815)	563,114	0	7,395,918
<u>Security of Persons and Property:</u>					
Police	2,353,069	0	480,351	(146,941)	2,686,479
Fire	4,555,546	0	207,954	0	4,763,500
Animal Control	30,087	0	0	0	30,087
Total	6,938,702	0	688,305	(146,941)	7,480,066
<u>Transportation:</u>					
Street	4,841,422	0	2,985,605	0	7,827,027
Traffic Control	529,129	0	7,732	(1,599)	535,262
Total	5,370,551	0	2,993,337	(1,599)	8,362,289
<u>Public Health and Welfare:</u>					
Health	302,826	14,815	61,253	(18,893)	360,001
Cemetery	1,363,441	0	29,820	0	1,393,261
Total	1,666,267	14,815	91,073	(18,893)	1,753,262
<u>Leisure Time Activities:</u>					
Recreation/Seniors	2,544,375	25,256	2,225	0	2,571,856
<u>Community Environment:</u>					
Economic and Community Development	635,041	(25,256)	190,727	0	800,512
Total Capital Assets	\$24,002,555	\$0	\$4,528,781	(\$167,433)	\$28,363,903

STATISTICAL SECTION



STATISTICAL TABLES

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

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

Year	Security of Persons and Property	Public Health and Welfare	Leisure Time Activities	Community Environment	Trans- portation	General Government	Capital Outlay	Debt Service	Total
1994	\$8,492,541	\$1,282,929	\$531,287	\$1,957,799	\$2,176,313	\$4,177,519	\$1,991,830	\$66,648	\$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	22,301,640
1996	9,966,142	1,426,893	663,154	2,113,796	2,562,421	4,780,328	3,040,874	68,617	24,622,225
1997	10,713,937	1,530,374	719,179	2,927,923	2,851,409	5,486,454	2,203,024	97,534	26,529,834
1998	11,633,701	1,553,417	741,535	2,676,503	3,354,548	5,813,884	3,770,552	243,060	29,787,200
1999	12,060,959	1,987,846	781,835	2,496,316	3,009,431	6,136,903	3,054,466	220,659	29,748,415
2000	12,401,045	2,028,556	774,609	2,518,321	2,711,224	6,150,877	2,244,604	370,938	29,200,174
2001	13,314,367	2,326,795	849,014	2,571,544	3,357,894	6,301,536	5,733,268	357,955	34,812,373
2002	14,331,955	2,400,745	857,314	2,745,924	3,047,974	6,756,970	3,178,884	401,391	33,721,157
2003	17,017,236	2,591,268	753,238	2,899,829	3,266,226	7,097,236	3,496,371	461,057	37,582,461

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

CITY OF NEWARK, OHIO

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

Year	Taxes	Inter-Governmental Revenues	Charges for Services	Licenses Permits and Fees	Investment Earnings	Fines and Forfeitures	All Other (2)	Total
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
2003	a 20,584,344	10,505,105	1,149,866	1,724,167	375,043	1,758,405	666,371	36,763,301

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

CITY OF NEWARK, OHIO

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

Collection Year	Total Tax Levy	Current Tax Collections	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Accumulated Delinquent Taxes To Total Tax Levy
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%
2003	2,919,934	2,620,715	93,073	2,713,788	92.94%	206,146	7.06%

Source: Licking County Auditor

**TANGIBLE TAX COLLECTED
LAST TEN YEARS**

<u>Year Paid</u>	<u>Amount</u>
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
2003	288,279

- S S -

Source: Licking County Auditor

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	
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%
2003	638,586,350	1,824,532,429	23,530,710	23,530,710	74,321,520	297,286,080	736,438,580	2,145,349,219	34.33%

Source: Licking County Auditor

CITY OF NEWARK, OHIO

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

Collection Year	City of Newark				Newark City School District	Vo-Ed School	Licking County	Total
	General Fund	Police Pension	Fire Pension	Total City				
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
2003	3.10	0.30	0.30	3.70	31.14	3.00	7.20	45.04

Source: Licking County Auditor

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

<u>Collection Year</u>	<u>Amount Billed</u>	<u>Amount Collected</u>	<u>Percent Collected</u>
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%
2003	136,632	80,294	58.77%

Source: Licking County Auditor

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

**COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2003**

	<u>Total Debt</u>	<u>Unvoted Debt</u>
Net Assessed Valuation	\$736,438,580	\$736,438,580
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	77,326,051	40,504,122
City Debt Outstanding (2)	14,258,991	14,258,991
Less: Applicable Debt Service Fund Amounts	<u>(17,864)</u>	<u>(17,864)</u>
Net Indebtedness Subject to Limitation	<u>14,241,127</u>	<u>14,241,127</u>
Legal Debt Margin	<u><u>\$63,084,924</u></u>	<u><u>\$26,262,995</u></u>

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

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

**COMPUTATION OF ALL DIRECT AND OVERLAPPING
GENERAL OBLIGATION BONDED DEBT
DECEMBER 31, 2003**

<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	\$10,994,991	100.00%	\$10,994,991
Overlapping Subdivisions			
Licking County	13,989,742	23.36%	<u>3,268,004</u>
		Subtotal	<u>3,268,004</u>
		Total	<u><u>\$14,262,995</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

**DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

<u>Year</u>	<u>Population (1)</u>		<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
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%
2003	46,279	(b)	8,531	5.9%

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

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

(3) Source: Chamber of Commerce

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

<u>Year</u>	<u>Residential (1)</u>		<u>Commercial (1)</u>	
	<u>Number of Permits</u>	<u>Property Value</u>	<u>Number of Permits</u>	<u>Property Value</u>
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
2003	586	35,976,042	191	28,752,140

Source: City of Newark Building Department

(1) Includes all of Licking County

**PRINCIPAL TAXPAYERS (PROPERTY TAX)
DECEMBER 31, 2003**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>2003 Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1.	Owens Corning, Inc.	Manufacturing	\$23,980,540	3.25%
2.	Longaberger Company	Manufacturing	5,198,830	0.71%
3.	Acuity Lighting Group Inc.	Manufacturing	3,765,540	0.51%
4.	Packaging Corp of America	Manufacturing	3,573,610	0.49%
5.	Gannett Company Incompany	Newspaper	2,973,430	0.40%
6.	Kroger Company	Retail	2,745,000	0.37%
7.	Adelphia Communications Corp	Communication	2,733,000	0.37%
8.	Anomatic Corporation	Manufacturing	2,129,940	0.29%
9.	Box Usa Group Inc.	Manufacturing	1,686,150	0.23%
10.	Meijer Stores Limited	Retail	1,676,280	0.23%
		Sub-Total	50,462,320	6.85%
		All Others	685,976,260	93.15%
		Total	\$736,438,580	100.00%

Source: Licking County, Ohio: County Auditor and Treasurer

**PRINCIPAL EMPLOYERS
DECEMBER 31, 2003**

<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

CITY OF NEWARK, OHIO

**MISCELLANEOUS STATISTICS
DECEMBER 31, 2003**

- \$ 15 -

Date of Incorporation	1826	Police Services:	Water System:
Form of Government	Charter	Number of Stations	Number of Purification Plants
Area (square miles)	19.04	Number of Police Personnel and Officers	Miles of Water Mains
Facilities and Services:		Number of Patrol Units	Number of Fire Hydrants
Miles of Streets	204	Number of Law Violations:	Number of Service Connections
Number of Street Lights	3,322	Criminal Juvenile Citations and Charges	Average Daily Consumption (Gallons)
(per American Electric Power and Licking Rural Electric)		Traffic Citations Issued	Maximum Daily Capacity of Plant (Gallons)
Recreation and Culture:		Parking Tickets Written	
Number of Parks	39	Fire/Emergency Medical Services:	Sewerage System:
Park Area (acres)	1,422	Number of Stations	Number of Treatment Plants
Number of Ball Fields:		Number of Fire Personnel and Officers	Miles of Sanitary Sewers
Lighted	2	Number of Calls Answered	Miles of Storm Sewers
Unlighted	8	Number of Inspections	Number of Service Connections
Number of Libraries	2	Parking Facilities:	Average Daily Treatment (Gallons)
(Operated by Licking County)		Parking Levels	Maximum Daily Capacity of Treatment (Gallons)
Number of Cemeteries	1	Parking Spaces	
Cemetery Area (Acres)	118	Off-Street Parking Lots	Education: *
Hospitals:		Parking Spaces	Elementary Schools
Number of Hospitals	1	On-Street Parking Meters	Elementary School Students
Number of Patient Beds	185	Average Daily Cars Parked	Elementary School Instructors
Number of Bassinets	25		Secondary Schools
			Secondary School Students
			Secondary School Instructors
			Colleges
			College Students

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





**Auditor of State
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

CITY OF NEWARK

LICKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 9, 2004**