

City of Newark, Ohio

Licking County



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2012





Dave Yost • Auditor of State

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 Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2012 through December 31, 2012. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 22, 2013

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2012

Prepared by the Auditor's Office

Stephen E. Johnson
City Auditor



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LICKING COUNTY, OHIO

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INTRODUCTORY SECTION





CITY OF NEWARK

40 West Main Street • Newark, Ohio 43055

Stephen E. Johnson, City Auditor

phone (740) 670-7560 fax (740) 670-7561

June 14, 2013

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, 2012. 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 the MD&A and should be read in conjunction with it. The City of Newark's MD&A can be found immediately following the report of the independent auditor.

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 a 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, the wastewater treatment and collection system, and a storm water collection system, each of which is reported as an enterprise fund.

***Letter of Transmittal
For the Year Ended December 31, 2012***

Historical Information:

The hub of a metropolitan area with in excess of 170,000 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.

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 2010 census show that Newark exhibited continued and steady growth throughout the decade of 2000 through 2010. The 2010 census placed the population at 47,537.

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 Auditor is serving in his fourth term, the Law Director is serving in his third term, and the Mayor and Treasurer are serving in 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.

***Letter of Transmittal
For the Year Ended December 31, 2012***

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, 2007 and again in 2012. 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 22.30 square mile area serves a residential population of 47,537. 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.

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2012***

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, property maintenance, cemetery and community development and general administrative services. The City does not operate hospitals or schools, nor is it responsible for public assistance programs.

The City also operates three enterprise activities: water treatment and distribution, wastewater collection and treatment, and storm water collection. 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 these 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 a stable economy but unemployment rates, as in many places, increased during 2012. Several industrial parks in close proximity to Newark provide employment opportunities for residents in and around Newark and neighboring communities within the borders of Licking County. New businesses find this region in Ohio to be in the “heart of it all.” The Licking County region is within 500 miles of parcel post bulk mail centers and within 250 miles of all package delivery air hubs.

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

***Letter of Transmittal
For the Year Ended December 31, 2012***

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 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 one of the largest employers and the largest industry in Newark. The Newark facility is the "world's largest fiberglass manufacturing facility." It employs 500 people and fills several thousand 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. The recent recession, impacting the housing industry, has had an effect on Owens Corning as well.

Newer business to the Newark area includes 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.

***Letter of Transmittal
For the Year Ended December 31, 2012***

Unemployment Rates:

The Ohio Bureau of Employment Services does not maintain statistics for the City of Newark, but unemployment within the City was estimated to be 7.2%.

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 2011 through 2013.

MAJOR INITIATIVES

During 2012, 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 improvements 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.

Construction was completed on the north side of the City to eliminate a dangerous intersection in the Waterworks Road-Mt. Vernon Road area. Along with an improved traffic pattern, retail development is expected along with a new North Side Fire Station. A TIF District has been created and further improvements will be funded through a combination of a bond issue and a low cost State Infrastructure loan. The income tax increase of one half percent passed by the voters in 2001 and dedicated to public safety has already provided for a new Central Police Station along with a new West Side Fire Station. During 2012 land was purchased and architectural plans were completed for a new central fire station to be located downtown on South Fourth Street.

***Letter of Transmittal
For the Year Ended December 31, 2012***

Various improvements continue at the water and waste water plants, including the Licking River Interceptor project that will prevent overflow at the waste water facility.

Further development along the State Route 16 corridor is also taking place as a result of the Longaberger project. A beautification project involving Longaberger properties, construction of golf courses and a highway widening project were completed. The State Route 16 corridor will also be a vital segment of the proposed "Columbus to Pittsburgh Corridor" a planned expressway linking the two cities.

Recently a group of investors acquired and refurbished the former Longaberger Place off the Square Hotel in downtown Newark. The Longaberger Company is still 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. The Midland Theater is a hub of cultural events and brings top name entertainers to the city on a regular basis.

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 2012, activities were provided at the City's youth center and community meeting hall in the newly renovated Everett Pool House. The building was remodeled to provide a meeting center for youth and adults who live on the near east side. It has been a very successful improvement project and has been well received by the near east side residents. In addition, Denman Park was rebuilt and new playground equipment installed. Also included in the renovation was a new road and entrance to the park. Improvements have been made at Hollander Pool on the City's north side, including a waterslide. The City entered into a management agreement with the Newark-Licking County YMCA for Hollander Pool operations. Major renovations were made to the City's ice arena including new mechanicals. The funding for the one million dollar project came from private donations. The facility has been leased to the Newark Sport and Event Commission and remains open to the public. The city of Newark recently acquired Don Edwards Field, the Babe Ruth Baseball Complex from Babe Ruth International with funds generated by a "Bed Tax" on occupied hotel rooms with proceeds being dedicated to recreation and tourism. With the purchase of Don Edwards Field, plans are underway to host the Babe Ruth World series in the upcoming years.

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.

***Letter of Transmittal
For the Year Ended December 31, 2012***

Long-Term Financial Planning

The City has become increasingly aware of a declining cash reserve balance. During fiscal year 2007 the City began charging for EMS transport services. Legislation has been passed and amended mandating that 12.5% of the proceeds be set aside in reserve to provide stability to the City's General Fund with an additional 25% of the proceeds being earmarked and credited to the City's Capital Improvement Fund which is dedicated to infrastructure upgrades and improvements. As a result of these fees, the City has been able to increase the number of firefighters and medics and has been able to increase the replacement of EMS transport vehicles.

FINANCIAL INFORMATION

Internal Control, Budgetary Control and the Accounting System:

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

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

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2012***

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.

OTHER INFORMATION

Independent Audit:

The basic financial statements of the City of Newark were audited by Balestra, Harr and Scherer, Certified Public Accountants Incorporated. The independent auditor's unqualified opinion has been included in this report.

Awards:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Newark, Ohio for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2011. 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 twenty-one consecutive years (1991 - 2011). 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.

***Letter of Transmittal
For the Year Ended December 31, 2012***

Public Disclosure:

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

Acknowledgments:

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

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

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.

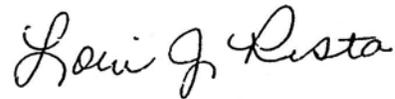
Respectfully,



Stephen E. Johnson
City Auditor



Jacqueline S. Prince
Accounting Manager



Lori J. Resta
Deputy City Auditor

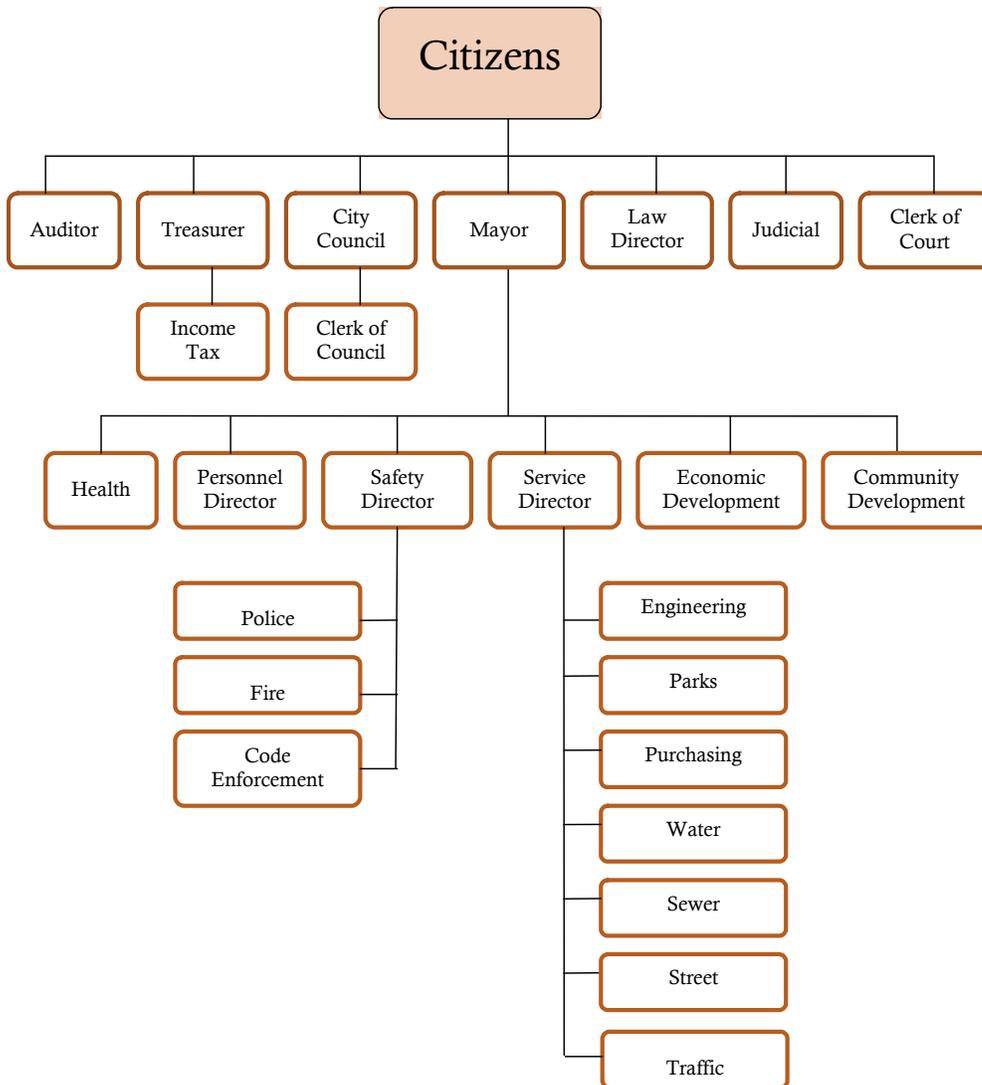
CITY OF NEWARK, OHIO

***List of Principal Officials
For the Year Ended December 31, 2012***

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY DATA *</u>
Jeff Hall	Mayor	01/01/12 to 12/31/15	
Stephen E. Johnson	Auditor	01/01/12 to 12/31/15	\$5,000 01/01/08 to 12/31/15
Michael F. Higgins	Judge	01/01/08 to 12/31/13	
David Stansberry	Judge	01/01/12 to 12/31/17	
Douglas Sassen	Law Director	01/01/12 to 12/31/15	
Tim Mercer	Treasurer	01/01/12 to 12/31/13	\$30,000 01/01/05 to 12/31/13
Don Ellington	President of Council	01/01/12 to 12/31/15	
Ryan T. Bubb	Council-at-Large	01/01/12 to 12/31/15	
Bill Cost Jr.	Council-at-Large	01/01/12 to 12/31/15	
Marc Guthrie	Council-at-Large	01/01/12 to 12/31/15	
Clyde Edgar Houdeshell	Council 1st Ward	01/01/10 to 12/31/13	
Shirley Stare	Council 2nd Ward	01/01/10 to 12/31/13	
Jeff Rath	Council 3rd Ward	01/01/10 to 12/31/13	
Rhonda Loomis	Council 4th Ward	09/01/10 to 12/31/13	
Duke Frost	Council 5th Ward	01/11/12 to 12/31/13	
Douglas Marmie	Council 6th Ward	01/01/10 to 12/31/13	
Carol Floyd	Council 7th Ward	01/01/10 to 12/31/13	
Marcia Phelps	Clerk of Court	01/01/08 to 12/31/13	\$10,000 01/01/08 to 12/31/13

* - Ohio Casualty Insurance Company

**City Organizational Chart
For the Year Ended December 31, 2012**



*Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting*

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, 2011

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.



Christopher P. Morille
President

Jeffrey R. Emer
Executive Director



FINANCIAL SECTION





Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

www.bhscpas.com

Independent Auditor's Report

City of Newark
Licking County
40 West Main Street
Newark, Ohio 43055

To the Members of Council:

Report on the Financial Statements

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, Licking County, Ohio (the City), as of and for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newark, Licking County, Ohio, as of December 31, 2012, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund and Community Development Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2012 the City of Newark adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*, No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2013, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Balestra, Harr & Scherer, CPAs
Balestra, Harr & Scherer, CPAs, Inc.
June 14, 2013



This discussion and analysis of the City of Newark's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2012. 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 2012 are as follows:

- ❑ In total, net position decreased \$20,380. Net position of governmental activities decreased \$225,483, which represents less than a 1% change from 2011. Net position of business-type activities increased \$205,103 or less than 1% from 2011.
- ❑ General revenues accounted for \$26,769,148 in revenue or 47% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$30,318,400, or 53% of total revenues of \$57,087,548.
- ❑ The City had \$42,055,402 in expenses related to governmental activities; only \$14,630,244 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$26,762,851 were not adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$29,158,394 in revenues and other financing sources and \$29,638,839 in expenditures and other financing uses. The general fund's fund balance decreased from \$4,402,961 to \$3,920,445.

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 position includes all of the government's assets, liabilities and deferred outflows/inflows of resources. 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 position and how it has changed. Net position is one way to measure the City's financial health.

- Over time, increases or decreases in the City's net position is 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, 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, sewer, and storm water 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 relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

***Management's Discussion and Analysis
For the Year Ended December 31, 2012***

Unaudited

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, Sewer, and Storm Water funds, each 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 Assets and Liabilities.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a summary of the City's net position for 2012 compared to 2011.

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$29,144,905	\$27,372,290	\$13,962,787	\$12,561,676	\$43,107,692	\$39,933,966
Capital Assets, Net	61,443,948	61,318,812	58,358,432	54,241,869	119,802,380	115,560,681
Total Assets	90,588,853	88,691,102	72,321,219	66,803,545	162,910,072	155,494,647
Deferred Outflows of Resources	0	0	260,046	303,388	260,046	303,388
Long-term Debt Outstanding	24,197,513	24,624,668	44,135,291	39,220,276	68,332,804	63,844,944
Other Liabilities	4,870,752	2,281,513	1,126,145	771,931	5,996,897	3,053,444
Total Liabilities	29,068,265	26,906,181	45,261,436	39,992,207	74,329,701	66,898,388
Deferred Inflows of Resources	3,073,102	3,111,952	0	0	3,073,102	3,111,952
Net Position						
Net Investment in Capital Assets	42,970,107	42,258,279	22,105,075	20,600,700	65,075,182	62,858,979
Restricted	13,070,091	14,149,111	0	0	13,070,091	14,149,111
Unrestricted	2,407,288	2,265,579	5,214,754	6,514,026	7,622,042	8,779,605
Total Net Position	<u>\$58,447,486</u>	<u>\$58,672,969</u>	<u>\$27,319,829</u>	<u>\$27,114,726</u>	<u>\$85,767,315</u>	<u>\$85,787,695</u>

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**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

Unaudited

Changes in Net Position – The following table shows the changes in net position for the fiscal year 2012 compared with 2011:

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues:						
Charges for Services and Sales	\$4,412,543	\$4,222,838	\$15,688,156	\$15,283,793	\$20,100,699	\$19,506,631
Operating Grants and Contributions	9,926,907	7,222,698	0	0	9,926,907	7,222,698
Capital Grants and Contributions	290,794	2,892,903	0	0	290,794	2,892,903
Total Program Revenues	14,630,244	14,338,439	15,688,156	15,283,793	30,318,400	29,622,232
General Revenues:						
Property Taxes	3,182,179	3,320,869	0	0	3,182,179	3,320,869
Income Taxes	20,287,028	19,440,371	0	0	20,287,028	19,440,371
Other Local Taxes	476,211	496,040	0	0	476,211	496,040
Intergovernmental, Unrestricted	2,231,124	3,099,985	0	0	2,231,124	3,099,985
Investment Earnings	168,953	175,826	6,297	2,402	175,250	178,228
Miscellaneous	417,356	540,484	0	0	417,356	540,484
Total General Revenues	26,762,851	27,073,575	6,297	2,402	26,769,148	27,075,977
Total Revenues	41,393,095	41,412,014	15,694,453	15,286,195	57,087,548	56,698,209
Program Expenses						
Security of Persons and Property	19,288,483	17,438,065	0	0	19,288,483	17,438,065
Leisure Time Activities	658,305	560,236	0	0	658,305	560,236
Community Environment	2,221,036	1,958,987	0	0	2,221,036	1,958,987
Public Health and Welfare Services	1,770,199	217,140	0	0	1,770,199	217,140
Transportation	6,457,578	5,364,963	0	0	6,457,578	5,364,963
General Government	10,860,659	10,283,567	0	0	10,860,659	10,283,567
Interest and Fiscal Charges	799,142	757,878	0	0	799,142	757,878
Water	0	0	6,670,964	6,444,744	6,670,964	6,444,744
Sewer	0	0	6,660,500	5,568,346	6,660,500	5,568,346
Storm Water	0	0	1,721,062	1,920,374	1,721,062	1,920,374
Total Expenses	42,055,402	36,580,836	15,052,526	13,933,464	57,107,928	50,514,300
Change in Net Position Before Transfers	(662,307)	4,831,178	641,927	1,352,731	(20,380)	6,183,909
Transfers	436,824	131,288	(436,824)	(131,288)	0	0
Total Change in Net Position	(225,483)	4,962,466	205,103	1,221,443	(20,380)	6,183,909
Beginning Net Position	58,672,969	53,710,503	27,114,726	25,893,283	85,787,695	79,603,786
Ending Net Position	\$58,447,486	\$58,672,969	\$27,319,829	\$27,114,726	\$85,767,315	\$85,787,695

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***Management's Discussion and Analysis
For the Year Ended December 31, 2012***

Unaudited

Governmental Activities

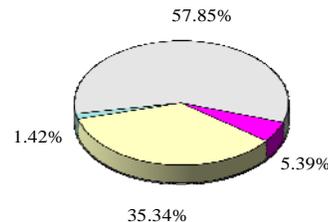
Net position of the City's governmental activities decreased \$225,483. This represents less than a 1% change from 2011. Grants received from the Clean Ohio Revitalization Fund resulted in an increase in operating grants and contributions as well as public health and welfare expenses. Capital grants and contributions from the Ohio Department of Transportation for improvements to Waterworks Road received in fiscal 2011 resulted in the subsequent decrease in capital grants in the current year.

Increases in costs for supplies and contractual services in the police and fire departments resulted in the increase in security of persons and property. An increase in transportation expenses can be attributed to street maintenance costs.

The City receives an income tax, which is based on 1.75% of all salaries, wages, commissions and other compensation and on net profits earned from residents living within the City.

Income taxes and property taxes made up 49% and 8% respectively of revenues for governmental activities for the City in fiscal year 2012. The City's reliance upon tax revenues is demonstrated by the following graph indicating 58% of total revenues from general tax revenues:

Revenue Sources	2012	Percent of Total
General Tax Revenues	\$23,945,418	57.85%
Intergovernmental, Unrestricted	2,231,124	5.39%
Program Revenues	14,630,244	35.34%
General Other	586,309	1.42%
Total Revenue	<u>\$41,393,095</u>	<u>100.00%</u>



Business-Type Activities

Net position of the business-type activities increased \$205,103. This represents less than a 1% change from the previous year. Revenues remained consistent with the previous year. Increases in sewer expenses can be attributed to increases in maintenance service costs.

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**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

Unaudited

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$15,646,328, which is a decrease from last year's balance of \$16,593,293. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2012 and 2011:

	Fund Balance December 31, 2012	Fund Balance December 31, 2011	Increase (Decrease)
General	\$3,920,445	\$4,402,961	(\$482,516)
Community Development	5,832,236	4,977,255	854,981
Capital Improvement	702,416	1,965,570	(1,263,154)
Other Governmental	5,191,231	5,247,507	(56,276)
Total	<u>\$15,646,328</u>	<u>\$16,593,293</u>	<u>(\$946,965)</u>

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

	2012 Revenues	2011 Revenues	Increase (Decrease)
Taxes	\$22,457,472	\$21,920,742	\$536,730
Intergovernmental Revenues	2,559,774	3,460,597	(900,823)
Charges for Services	1,990,444	2,021,145	(30,701)
Licenses, Permits and Fees	65,196	136,677	(71,481)
Investment Earnings	115,204	167,786	(52,582)
Special Assessments	0	18,166	(18,166)
Fines and Forfeitures	1,584,545	1,457,495	127,050
All Other Revenue	342,784	265,097	77,687
Total	<u>\$29,115,419</u>	<u>\$29,447,705</u>	<u>(\$332,286)</u>

Overall General Fund revenues in 2012 decreased \$332,286 or approximately 1% when compared with the previous year. Modest improvements in the economy resulted in an increase in income taxes while the decrease in intergovernmental revenue can be attributed to a decrease in local government funding.

	2012 Expenditures	2011 Expenditures	Increase (Decrease)
Security of Persons and Property	\$16,554,722	\$16,377,377	\$177,345
Public Health and Welfare Services	0	2,684	(2,684)
Leisure Time Activities	652,138	560,236	91,902
Community Environment	201,950	99,650	102,300
General Government	9,449,108	9,407,921	41,187
Total	<u>\$26,857,918</u>	<u>\$26,447,868</u>	<u>\$410,050</u>

***Management's Discussion and Analysis
For the Year Ended December 31, 2012***

Unaudited

General Fund expenditures remained stable, increasing \$410,050 or approximately 2% when compared with the prior year. Increases in community environment can be attributed to increases in contractual services and salaries in the code enforcement department. In the prior year, an employee position in code enforcement was unfilled for the first half of the year, resulting in an increase in salaries in the subsequent year.

Community Development Fund – The Community Development Fund balance increased approximately 17% in 2012. Revenues and expenditures remained consistent with the prior year.

Capital Improvement Fund – The City's Capital Improvement Fund balance reported a decrease in fund balance of \$1,263,154. Capital grants for street improvements received in the prior year resulted in a subsequent decrease in the current year. An increase in street maintenance costs resulted in an increase in expenditures.

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 2012 the City amended its General Fund budget several times, none significant.

For the General Fund, final budgeted receipts were 4% higher than original budgeted receipts due to increases in budgeted income tax receipts. The difference between actual receipts and final budgeted receipts was insignificant. The difference between original and final budgeted expenditures was insignificant. Actual expenditures were 3% less than final budget estimates.

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**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2012 the City had \$119,802,380 net of accumulated depreciation invested in land, construction in progress, buildings, improvements, infrastructure, equipment and vehicles. Of this total, \$61,443,948 was related to governmental activities and \$58,358,432 to the business-type activities. The following table shows fiscal year 2012 and 2011 balances:

	Governmental Activities		Increase (Decrease)
	2012	2011	
Land	\$20,109,460	\$17,272,958	\$2,836,502
Construction In Progress	0	2,022,551	(2,022,551)
Buildings	17,863,500	18,030,435	(166,935)
Improvements Other than Buildings	5,364,643	5,364,643	0
Infrastructure	61,074,578	59,200,558	1,874,020
Machinery and Equipment	9,455,856	13,623,903	(4,168,047)
Less: Accumulated Depreciation	(52,424,089)	(54,196,236)	1,772,147
Totals	\$61,443,948	\$61,318,812	\$125,136

The increase in land was the result of right of way acquisition at Waterworks Road as well as a land purchase for the construction of a new fire station. The increase in infrastructure was the result of routine street maintenance.

	Business-Type Activities		Increase (Decrease)
	2012	2011	
Land	\$161,800	\$161,800	\$0
Construction in Progress	24,266,708	20,681,391	3,585,317
Buildings and Improvements	36,330,185	36,330,185	0
Infrastructure	15,088,096	13,072,457	2,015,639
Machinery and Equipment	30,880,471	30,863,963	16,508
Less: Accumulated Depreciation	(48,368,828)	(46,867,927)	(1,500,901)
Totals	\$58,358,432	\$54,241,869	\$4,116,563

Significant additions to business-type activities capital assets consisted of waterline installation at Country Club Drive, a high rate treatment system project at the waste water treatment plant, storm water improvements, and a combined sewer overflow project. Additional information on the City's capital assets can be found in Note 9.

**Management's Discussion and Analysis
For the Year Ended December 31, 2012****Unaudited****Debt**

At December 31, 2012, the City had \$30.7 million in General Obligation bonds outstanding, \$1.7 million due within one year. The following table summarizes the City's debt outstanding as of December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Governmental Activities:		
General Obligation Bonds	\$15,518,509	\$16,157,918
ODOT State Infrastructure Bank Loan	1,863,165	1,299,147
Capital Leases	1,794,187	2,001,395
Accrued Pension Liability	1,797,224	1,844,336
Pollution Remediation Liability	0	526,089
Compensated Absences	3,224,428	2,795,783
Total Governmental Activities	<u>24,197,513</u>	<u>24,624,668</u>
Business-Type Activities:		
General Obligation Bonds	\$15,183,810	\$11,680,829
Special Assessment Bonds	10,260	15,388
OWDA Loans	27,158,821	25,580,376
OPWC Loans	910,822	980,393
Capital Leases	230,049	275,901
Compensated Absences	641,529	687,389
Total Business-Type Activities	<u>44,135,291</u>	<u>39,220,276</u>
Totals	<u>\$68,332,804</u>	<u>\$63,844,944</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, 2012, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

ECONOMIC FACTORS

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

A Tax Increment Finance (T.I.F.) district was created in 2003 to aid in the retail development of the north side of the City. The T.I.F. district provided infrastructure as well as road improvements. The T.I.F. district was expanded during 2004 to allow for continued development. A new T.I.F., abutting the two previously mentioned was established in 2006 to improve traffic flow and allow for continuing development. The City has received a State Infrastructure Bank loan (SIB) for the project and construction was completed in 2010.

While the City has experienced a general decline in manufacturing jobs over the past decade, two major industrial parks are located just outside the City limits and are responsible for a growth in manufacturing jobs. Two joint economic development zones (JEDZ) have been created with Etna Township. The unemployment in the City remains near the national average.

***Management's Discussion and Analysis
For the Year Ended December 31, 2012***

Unaudited

The City's operating budget has been affected by the recession and economic uncertainty in recent years. To balance the budget, capital improvement funds were used for general operating expenses thus causing delays in capital projects. However, the 2005 and 2006 budgets contained funding for a major street paving campaign. The city income tax was increased by the voters to allow for a police station to be built and construction of a replacement fire station. Both were completed during 2004. The 2013 budget is projected to increase slightly over the previous year. The City's ending cash balance had been declining over the past ten years but year-end 2007 saw a 60% increase. Due to declining tax revenues and building permit collections, the cash carry over at year end 2008 saw a decrease of 20% and the need for increased cash reserves has been addressed in recent operating budgets with the creation of cash reserves funded with a dedicated portion of Emergency Medical Transport revenue. The cash carry over at year end 2010 was nearly equal to 2009 but 2011 showed an increase over 2010 due to increased cash reserves. The 2012 cash carry over showed a slight increase over 2011.

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 Position
December 31, 2012**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Pooled Cash and Investments	\$ 11,612,425	\$ 10,256,714	\$ 21,869,139
Investments	421,281	0	421,281
Receivables:			
Taxes	6,572,005	0	6,572,005
Accounts	532,010	2,076,898	2,608,908
Intergovernmental	3,578,651	0	3,578,651
Interest	3,091	0	3,091
Loans	5,501,918	0	5,501,918
Internal Balance	(704,096)	704,096	0
Inventory of Supplies at Cost	302,400	888,832	1,191,232
Prepaid Items	46,722	22,190	68,912
Restricted Assets:			
Cash and Cash Equivalents	228,263	0	228,263
Cash and Cash Equivalents with Fiscal Agent	14,328	14,057	28,385
Investments	627,500	0	627,500
Investments with Fiscal Agent	408,407	0	408,407
Non-Depreciable Capital Assets	20,109,460	24,428,508	44,537,968
Depreciable Capital Assets, Net	41,334,488	33,929,924	75,264,412
Total Assets	90,588,853	72,321,219	162,910,072
Deferred Outflows of Resources:			
Deferred Charge on Debt Refunding	0	260,046	260,046
Liabilities:			
Accounts Payable	288,436	634,194	922,630
Accrued Wages and Benefits	1,804,766	356,656	2,161,422
Intergovernmental Payable	15,387	0	15,387
Claims Payable	462,591	0	462,591
Retainage Payable	4,806	0	4,806
Matured Bonds and Interest Payable	0	14,057	14,057
Accrued Interest Payable	94,766	121,238	216,004
General Obligation Notes Payable	2,200,000	0	2,200,000
Noncurrent liabilities:			
Due within one year	2,735,271	2,210,334	4,945,605
Due in more than one year	21,462,242	41,924,957	63,387,199
Total Liabilities	29,068,265	45,261,436	74,329,701

CITY OF NEWARK, OHIO

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	3,073,102	0	3,073,102
Net Position:			
Net Investment in Capital Assets	42,970,107	22,105,075	65,075,182
Restricted For:			
Capital Projects	1,066,217	0	1,066,217
Debt Service	1,018,328	0	1,018,328
Security of Persons	527,439	0	527,439
Street Improvement	2,057,498	0	2,057,498
Community Environment	5,946,076	0	5,946,076
Judiciary	1,256,119	0	1,256,119
Cemetery Maintenance	1,105,732	0	1,105,732
Other Purposes	92,682	0	92,682
Unrestricted	2,407,288	5,214,754	7,622,042
Total Net Position	\$ 58,447,486	\$ 27,319,829	\$ 85,767,315

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

**Statement of Activities
For the Year Ended December 31, 2012**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 19,288,483	\$ 3,415,217	\$ 1,487,052	\$ 0
Leisure Time Activities	658,305	0	0	0
Community Environment	2,221,036	68,149	2,911,562	0
Public Health and Welfare Services	1,770,199	245,040	1,860,278	0
Transportation	6,457,578	109,699	3,668,015	290,794
General Government	10,860,659	574,438	0	0
Interest and Fiscal Charges	799,142	0	0	0
Total Governmental Activities	42,055,402	4,412,543	9,926,907	290,794
Business-Type Activities:				
Water	6,670,964	6,217,554	0	0
Sewer	6,660,500	6,742,077	0	0
Storm Water	1,721,062	2,728,525	0	0
Total Business-Type Activities	15,052,526	15,688,156	0	0
Totals	\$ 57,107,928	\$ 20,100,699	\$ 9,926,907	\$ 290,794

General Revenues and Transfers

Property Taxes Levied for:

General Purposes

Special Purposes

Capital Purposes

Income Tax

Other Local Taxes

Intergovernmental, Unrestricted

Investment Earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (14,386,214)	\$ 0	\$ (14,386,214)
(658,305)	0	(658,305)
758,675	0	758,675
335,119	0	335,119
(2,389,070)	0	(2,389,070)
(10,286,221)	0	(10,286,221)
(799,142)	0	(799,142)
<u>(27,425,158)</u>	<u>0</u>	<u>(27,425,158)</u>
0	(453,410)	(453,410)
0	81,577	81,577
0	1,007,463	1,007,463
<u>0</u>	<u>635,630</u>	<u>635,630</u>
<u>(27,425,158)</u>	<u>635,630</u>	<u>(26,789,528)</u>
2,037,865	0	2,037,865
403,724	0	403,724
740,590	0	740,590
20,287,028	0	20,287,028
476,211	0	476,211
2,231,124	0	2,231,124
168,953	6,297	175,250
417,356	0	417,356
436,824	(436,824)	0
<u>27,199,675</u>	<u>(430,527)</u>	<u>26,769,148</u>
(225,483)	205,103	(20,380)
<u>58,672,969</u>	<u>27,114,726</u>	<u>85,787,695</u>
<u>\$ 58,447,486</u>	<u>\$ 27,319,829</u>	<u>\$ 85,767,315</u>

CITY OF NEWARK, OHIO

**Balance Sheet
Governmental Funds
December 31, 2012**

	General	Community Development	Capital Improvement
Assets:			
Pooled Cash and Investments	\$ 2,383,972	\$ 116,127	\$ 2,918,703
Investments	0	0	100,000
Receivables:			
Taxes	5,604,927	0	0
Accounts	498,875	0	0
Intergovernmental	1,281,310	406,952	0
Interest	2,427	10	24
Loans	0	5,501,918	0
Interfund Loans Receivable	561,330	0	0
Inventory of Supplies, at Cost	71,049	0	0
Prepaid Items	46,722	0	0
Restricted Assets:			
Cash and Cash Equivalents	0	0	0
Cash and Cash Equivalents with Fiscal Agent	0	0	0
Investments	0	0	0
Investments with Fiscal Agent	0	0	0
Total Assets	\$ 10,450,612	\$ 6,025,007	\$ 3,018,727
Liabilities:			
Accounts Payable	\$ 28,111	\$ 138,940	\$ 99,310
Accrued Wages and Benefits Payable	1,617,305	45,903	0
Intergovernmental Payable	3,790	2,993	0
Retainage Payable	0	0	4,806
Interfund Loans Payable	0	0	0
Accrued Interest Payable	0	0	12,195
General Obligation Notes Payable	0	0	2,200,000
Total Liabilities	1,649,206	187,836	2,316,311
Deferred Inflows of Resources:			
Unavailable Amounts	2,732,835	4,935	0
Property Tax Levy for Next Fiscal Year	2,148,126	0	0
Total Deferred Inflows of Resources	4,880,961	4,935	0
Fund Balance:			
Nonspendable	117,771	0	0
Restricted	0	5,832,236	702,416
Assigned	1,300,983	0	0
Unassigned	2,501,691	0	0
Total Fund Balance	3,920,445	5,832,236	702,416
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 10,450,612	\$ 6,025,007	\$ 3,018,727

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 4,075,626	\$ 9,494,428
75,000	175,000
967,078	6,572,005
33,135	532,010
1,890,389	3,578,651
10	2,471
0	5,501,918
0	561,330
231,351	302,400
0	46,722
228,263	228,263
14,328	14,328
627,500	627,500
408,407	408,407
<u>\$ 8,551,087</u>	<u>\$ 28,045,433</u>
\$ 22,075	\$ 288,436
141,558	1,804,766
8,604	15,387
0	4,806
561,330	561,330
0	12,195
0	2,200,000
<u>733,567</u>	<u>4,886,920</u>
1,701,313	4,439,083
924,976	3,073,102
<u>2,626,289</u>	<u>7,512,185</u>
231,351	349,122
5,518,687	12,053,339
0	1,300,983
(558,807)	1,942,884
<u>5,191,231</u>	<u>15,646,328</u>
<u>\$ 8,551,087</u>	<u>\$ 28,045,433</u>

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2012***

Total Governmental Fund Balances		\$ 15,646,328
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		61,443,948
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		4,439,083
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 position.		1,198,211
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds Payable	(15,518,509)	
ODOT State Infrastructure Bank Loan	(1,863,165)	
Capital Leases Payable	(1,794,187)	
Accrued Pension Liability	(1,797,224)	
Compensated Absences Payable	(3,224,428)	
Accrued Interest Payable	(82,571)	
		<u>(24,280,084)</u>
<i>Net Position of Governmental Activities</i>		<u>\$ 58,447,486</u>

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, 2012**

	General	Community Development	Capital Improvement
Revenues:			
Taxes	\$ 22,457,472	\$ 0	\$ 0
Intergovernmental Revenues	2,559,774	2,284,053	290,794
Charges for Services	1,990,444	0	0
Licenses, Permits and Fees	65,196	0	0
Investment Earnings	115,204	199	7,750
Special Assessments	0	0	0
Fines and Forfeitures	1,584,545	0	0
All Other Revenue	342,784	254	111
Total Revenue	29,115,419	2,284,506	298,655
Expenditures:			
Current:			
Security of Persons and Property	16,554,722	0	0
Public Health and Welfare Services	0	0	0
Leisure Time Activities	652,138	0	0
Community Environment	201,950	1,435,725	0
Transportation	0	0	0
General Government	9,449,108	0	0
Capital Outlay	0	0	3,217,849
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	13,835
Total Expenditures	26,857,918	1,435,725	3,231,684
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,257,501	848,781	(2,933,029)
Other Financing Sources (Uses):			
Sale of Capital Assets	42,975	0	0
Other Financing Sources - Capital Lease	0	0	350,000
Loan Issuance	0	0	0
Transfers In	0	6,200	1,319,875
Transfers Out	(2,780,921)	0	0
Total Other Financing Sources (Uses)	(2,737,946)	6,200	1,669,875
Net Change in Fund Balance	(480,445)	854,981	(1,263,154)
Fund Balance at Beginning of Year	4,402,961	4,977,255	1,965,570
Decrease in Inventory	(2,071)	0	0
Fund Balance End of Year	\$ 3,920,445	\$ 5,832,236	\$ 702,416

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 1,141,066	\$ 23,598,538
7,341,149	12,475,770
111,898	2,102,342
0	65,196
38,634	161,787
7,703	7,703
517,324	2,101,869
74,207	417,356
<u>9,231,981</u>	<u>40,930,561</u>
1,907,768	18,462,490
1,751,877	1,751,877
0	652,138
522,874	2,160,549
4,377,197	4,377,197
810,531	10,259,639
396,159	3,614,008
894,321	894,321
722,501	736,336
<u>11,383,228</u>	<u>42,908,555</u>
(2,151,247)	(1,977,994)
0	42,975
0	350,000
738,339	738,339
1,588,935	2,915,010
(81,522)	(2,862,443)
<u>2,245,752</u>	<u>1,183,881</u>
94,505	(794,113)
5,247,507	16,593,293
(150,781)	(152,852)
<u>\$ 5,191,231</u>	<u>\$ 15,646,328</u>

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, 2012***

Net Change in Fund Balances - Total Governmental Funds \$ (794,113)

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 capital outlay exceeded depreciation in the current period.

Capital Outlay	3,209,410	
Depreciation Expense	<u>(2,739,588)</u>	469,822

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

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		384,257
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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.		(728,943)
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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.		455,368
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, however, has no effect on net position.

ODOT State Infrastructure Bank Loan	(738,339)	
Capital Leases Issued	<u>(350,000)</u>	(1,088,339)

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 position.

Interest Accretion on General Obligation Bonds	(80,591)	
General Obligation Bond Principal Payment	720,000	
ODOT State Infrastructure Bank Loan Retirement	174,321	
Pollution Remediation Liability Retirement	526,089	
Capital Lease Principal Payment	557,208	
Pension Liability Principal Payment	<u>47,112</u>	1,944,139

CITY OF NEWARK, OHIO

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 17,785

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	(428,645)	
Change in Inventory	<u>(152,852)</u>	(581,497)

Internal Service Funds are used by management to charge the costs of insurance to individual funds and 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.

(303,962)

Change in Net Position of Governmental Activities

\$ (225,483)

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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 21,647,952	\$ 22,655,038	\$ 22,419,779	\$ (235,259)
Intergovernmental Revenue	2,743,164	2,775,631	2,465,908	(309,723)
Charges for Services	1,873,290	1,885,790	2,050,185	164,395
Licenses, Permits and Fees	40,350	40,350	65,448	25,098
Investment Earnings	126,220	126,220	92,349	(33,871)
Fines and Forfeitures	1,472,750	1,495,521	1,572,055	76,534
All Other Revenue	227,575	261,210	284,363	23,153
Total Revenues	<u>28,131,301</u>	<u>29,239,760</u>	<u>28,950,087</u>	<u>(289,673)</u>
Expenditures:				
Current:				
Security of Persons and Property	16,779,018	17,037,916	16,563,881	474,035
Leisure Time Activities	624,295	705,464	641,828	63,636
Community Environment	190,455	251,760	209,934	41,826
General Government	9,395,445	10,209,422	9,944,208	265,214
Total Expenditures	<u>26,989,213</u>	<u>28,204,562</u>	<u>27,359,851</u>	<u>844,711</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,142,088	1,035,198	1,590,236	555,038
Other Financing Sources (Uses):				
Sale of Capital Assets	30,000	30,000	42,975	12,975
Transfers In	18,240,621	19,736,193	19,722,630	(13,563)
Transfers Out	(20,527,942)	(22,212,053)	(22,200,114)	11,939
Advances In	366,339	930,649	919,561	(11,088)
Advances Out	0	(550,242)	(550,242)	0
Total Other Financing Sources (Uses):	<u>(1,890,982)</u>	<u>(2,065,453)</u>	<u>(2,065,190)</u>	<u>263</u>
Net Change in Fund Balance	(748,894)	(1,030,255)	(474,954)	555,301
Fund Balance at Beginning of Year	1,983,919	1,983,919	1,983,919	0
Prior Year Encumbrances	539,623	539,623	539,623	0
Fund Balance at End of Year	<u>\$ 1,774,648</u>	<u>\$ 1,493,287</u>	<u>\$ 2,048,588</u>	<u>\$ 555,301</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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 4,470,000	\$ 4,537,087	\$ 2,141,287	\$ (2,395,800)
Investment Earnings	200	200	189	(11)
All Other Revenue	277,593	277,593	216,385	(61,208)
Total Revenues	4,747,793	4,814,880	2,357,861	(2,457,019)
Expenditures:				
Current:				
Community Environment	4,146,570	4,369,644	2,834,296	1,535,348
Total Expenditures	4,146,570	4,369,644	2,834,296	1,535,348
Excess (Deficiency) of Revenues Over (Under) Expenditures	601,223	445,236	(476,435)	(921,671)
Other Financing Sources (Uses):				
Transfers In	0	0	6,200	6,200
Total Other Financing Sources (Uses)	0	0	6,200	6,200
Net Change in Fund Balance	601,223	445,236	(470,235)	(915,471)
Fund Balance at Beginning of Year	(135,951)	(135,951)	(135,951)	0
Prior Year Encumbrances	462,148	462,148	462,148	0
Fund Balance at End of Year	\$ 927,420	\$ 771,433	\$ (144,038)	\$ (915,471)

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2012**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Storm Water
Assets:			
Current Assets:			
Pooled Cash and Investments	\$ 3,457,611	\$ 4,050,623	\$ 2,748,480
Investments	0	0	0
Receivables:			
Accounts	893,066	893,066	290,766
Interest	0	0	0
Inventory of Supplies at Cost	607,563	232,211	49,058
Prepaid Items	11,909	10,119	162
Total Current Assets	4,970,149	5,186,019	3,088,466
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	352	13,705	0
Total Restricted Assets	352	13,705	0
Non Depreciable Capital Assets	1,461,800	21,810,057	1,156,651
Depreciable Capital Assets, Net	17,706,224	12,391,678	3,832,022
Total Noncurrent Assets	19,168,376	34,215,440	4,988,673
Total Assets	24,138,525	39,401,459	8,077,139
Deferred Outflows of Resources:			
Deferred Charge on Debt Refunding	260,046	0	0
Liabilities:			
Current Liabilities:			
Accounts Payable	62,511	505,473	66,210
Accrued Wages and Benefits	228,397	116,392	11,867
Claims Payable	0	0	0
Compensated Absences Payable - Current	163,218	108,560	9,726
Accrued Interest Payable	5,019	83,965	32,254
Capital Leases Payable - Current	47,680	0	0
General Obligation Bonds Payable - Current	772,420	47,500	157,000
Special Assessment Bonds Payable - Current	0	5,128	0
OWDA Loans Payable - Current	0	779,034	50,497
OPWC Loans Payable - Current	0	69,571	0
Total Current Liabilities	1,279,245	1,715,623	327,554

CITY OF NEWARK, OHIO

<u>Total</u>	<u>Governmental- Activities Internal Services</u>
\$ 10,256,714	\$ 2,117,997
0	246,281
2,076,898	0
0	620
888,832	0
22,190	0
13,244,634	2,364,898
14,057	0
14,057	0
24,428,508	0
33,929,924	0
58,372,489	0
71,617,123	2,364,898
260,046	0
634,194	0
356,656	0
0	462,591
281,504	0
121,238	0
47,680	0
976,920	0
5,128	0
829,531	0
69,571	0
3,322,422	462,591

(Continued)

**Statement of Net Position
Proprietary Funds
December 31, 2012**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Storm Water
Noncurrent Liabilities:			
Matured Bonds and Interest Payable	352	13,705	0
Capital Leases Payable	182,369	0	0
General Obligation Bonds Payable	8,836,390	1,152,500	4,218,000
Special Assessment Bonds Payable	0	5,132	0
OWDA Loans Payable	3,103,896	22,642,918	582,476
OPWC Loans Payable	0	841,251	0
Compensated Absences Payable	208,745	138,840	12,440
Total Noncurrent Liabilities	<u>12,331,752</u>	<u>24,794,346</u>	<u>4,812,916</u>
Total Liabilities	<u>13,610,997</u>	<u>26,509,969</u>	<u>5,140,470</u>
Net Position:			
Net Investment in Capital Assets	11,545,839	8,943,689	1,615,547
Unrestricted	(758,265)	3,947,801	1,321,122
Total Net Position	<u>\$ 10,787,574</u>	<u>\$ 12,891,490</u>	<u>\$ 2,936,669</u>

Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.

Net Position of Business-type Activities

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

	Governmental-
	Activities
<u>Total</u>	<u>Internal Services</u>
14,057	0
182,369	0
14,206,890	0
5,132	0
26,329,290	0
841,251	0
360,025	0
<u>41,939,014</u>	<u>0</u>
<u>45,261,436</u>	<u>462,591</u>
22,105,075	0
<u>4,510,658</u>	<u>1,902,307</u>
<u>\$ 26,615,733</u>	<u>\$ 1,902,307</u>
<u>704,096</u>	
<u>\$ 27,319,829</u>	

CITY OF NEWARK, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2012**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Storm Water
Operating Revenues:			
Charges for Services	\$ 6,107,544	\$ 6,317,727	\$ 2,725,438
Other Operating Revenues	110,010	424,350	3,087
Total Operating Revenues	6,217,554	6,742,077	2,728,525
Operating Expenses:			
Personal Services	2,106,678	1,394,611	199,579
Contractual Services	1,300,587	3,790,897	1,210,042
Materials and Supplies	1,764,448	573,393	54,196
Depreciation	813,356	645,808	41,737
Total Operating Expenses	5,985,069	6,404,709	1,505,554
Operating Income (Loss)	232,485	337,368	1,222,971
Non-Operating Revenue (Expenses):			
Interest Income	2,295	1,439	2,563
Interest and Fiscal Charges	(563,738)	(254,994)	(215,508)
Other Nonoperating Expense	(50,321)	(797)	0
Total Non-Operating Revenues (Expenses)	(611,764)	(254,352)	(212,945)
Income (Loss) Before Transfers	(379,279)	83,016	1,010,026
Transfers:			
Transfers In	300,000	5,858	0
Transfers Out	0	(300,000)	(442,682)
Total Transfers	300,000	(294,142)	(442,682)
Change in Net Position	(79,279)	(211,126)	567,344
Net Position Beginning of Year	10,866,853	13,102,616	2,369,325
Net Position End of Year	\$ 10,787,574	\$ 12,891,490	\$ 2,936,669

Change in Net Position - Total Enterprise Funds

Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.

Change in Net Position - Business-type Activities

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

<u>Total</u>	<u>Governmental- Activities Internal Services</u>
\$ 15,150,709	\$ 6,249,926
537,447	0
15,688,156	6,249,926
3,700,868	6,632,890
6,301,526	0
2,392,037	0
1,500,901	0
13,895,332	6,632,890
1,792,824	(382,964)
6,297	7,166
(1,034,240)	0
(51,118)	0
(1,079,061)	7,166
713,763	(375,798)
305,858	0
(742,682)	0
(436,824)	0
276,939	(375,798)
26,338,794	2,278,105
\$ 26,615,733	\$ 1,902,307
\$ 276,939	
(71,836)	
\$ 205,103	

CITY OF NEWARK, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Storm Water
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$6,198,529	\$6,719,313	\$2,721,113
Cash Payments for Goods and Services	(3,316,640)	(4,474,182)	(1,338,544)
Cash Payments to Employees	(2,117,059)	(1,402,999)	(193,953)
Net Cash Provided (Used) by Operating Activities	764,830	842,132	1,188,616
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	300,000	5,858	0
Transfers Out to Other Funds	0	(300,000)	(442,682)
Net Cash Provided (Used) by Noncapital Financing Activities	300,000	(294,142)	(442,682)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(1,316,555)	(2,657,115)	(1,236,227)
General Obligation Notes Issued	2,100,000	1,200,000	1,350,000
General Obligation Bonds Issued	2,100,000	1,200,000	1,350,000
Principal Paid on Capital Lease	(45,852)	0	0
Principal Paid on General Obligation Bonds	(729,934)	0	(100,000)
Principal Paid on Special Assessment Bonds	0	(5,128)	0
General Obligation Note Retirement	(2,100,000)	(1,200,000)	(1,350,000)
Ohio Water Development Authority Loans Issued	784,162	2,706,913	0
Principal Paid on Ohio Water Development Authority Loans	(39,486)	(1,846,668)	(26,476)
Principal Paid on Ohio Public Works Commission Loan	0	(69,571)	0
Interest Paid on All Debt	(820,451)	(280,963)	(194,696)
Net Cash Used by Capital and Related Financing Activities	(68,116)	(952,532)	(207,399)
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	2,295	1,439	2,563
Net Cash Provided by Investing Activities	2,295	1,439	2,563
Net Increase (Decrease) in Cash and Cash Equivalents	999,009	(403,103)	541,098
Cash and Cash Equivalents at Beginning of Year	2,458,954	4,467,431	2,207,382
Cash and Cash Equivalents at End of Year	\$3,457,963	\$4,064,328	\$2,748,480
<u>Reconciliation of Cash and</u>			
<u>Cash Equivalents per the Statement of Net Position:</u>			
Cash and Cash Equivalents	\$3,457,611	\$4,050,623	\$2,748,480
Restricted Cash with Fiscal Agent	352	13,705	0
Cash and Cash Equivalents at End of Year	\$3,457,963	\$4,064,328	\$2,748,480

CITY OF NEWARK, OHIO

<u>Totals</u>	<u>Governmental- Activities Internal Services</u>
\$15,638,955	\$6,249,926
(9,129,366)	0
<u>(3,714,011)</u>	<u>(6,506,360)</u>
<u>2,795,578</u>	<u>(256,434)</u>
305,858	0
<u>(742,682)</u>	<u>0</u>
<u>(436,824)</u>	<u>0</u>
(5,209,897)	0
4,650,000	0
4,650,000	0
(45,852)	0
(829,934)	0
(5,128)	0
(4,650,000)	0
3,491,075	0
(1,912,630)	0
(69,571)	0
<u>(1,296,110)</u>	<u>0</u>
<u>(1,228,047)</u>	<u>0</u>
<u>6,297</u>	<u>6,546</u>
<u>6,297</u>	<u>6,546</u>
1,137,004	(249,888)
<u>9,133,767</u>	<u>2,367,885</u>
<u>\$10,270,771</u>	<u>\$2,117,997</u>
\$10,256,714	\$2,117,997
<u>14,057</u>	<u>0</u>
<u>\$10,270,771</u>	<u>\$2,117,997</u>

(Continued)

CITY OF NEWARK, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Storm Water
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$232,485	\$337,368	\$1,222,971
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	813,356	645,808	41,737
Nonoperating Expense	(20,025)	(797)	0
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(19,025)	(22,764)	(7,412)
Increase in Inventory	(208,964)	(38,990)	(49,058)
(Increase) Decrease in Prepaid Items	(1,242)	(1,057)	558
Decrease in Accounts Payable	(21,374)	(69,048)	(25,806)
Increase (Decrease) in Accrued Wages and Benefits	33,362	(4,322)	3,677
Increase in Claims Payable	0	0	0
Increase (Decrease) in Compensated Absences	(43,743)	(4,066)	1,949
Total Adjustments	532,345	504,764	(34,355)
Net Cash Provided (Used) by Operating Activities	\$764,830	\$842,132	\$1,188,616

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2012 the Sewer and Storm Water Funds had outstanding liabilities of \$421,989, and \$64,483, respectively, for the purchase of certain capital assets.

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

<u>Totals</u>	<u>Governmental- Activities Internal Services</u>
\$1,792,824	(\$382,964)
1,500,901	0
(20,822)	0
(49,201)	0
(297,012)	0
(1,741)	0
(116,228)	0
32,717	0
0	126,530
(45,860)	0
<u>1,002,754</u>	<u>126,530</u>
<u>\$2,795,578</u>	<u>(\$256,434)</u>

CITY OF NEWARK, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2012***

	<u>Agency Funds</u>
Assets:	
Receivables:	
Taxes	\$ 14,172
Restricted Assets:	
Cash and Cash Equivalents	<u>794,633</u>
Total Assets	<u>808,805</u>
Liabilities:	
Intergovernmental Payable	569,543
Due to Others	<u>239,262</u>
Total Liabilities	<u>\$ 808,805</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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, 2012 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 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, a wastewater treatment and collection system, and a storm water 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, deferred outflows/inflows of resources, fund equity, revenues and expenditures (expenses). The following fund types are used by the City:

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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.

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, liabilities, and deferred outflows/inflows of resources associated with the operation of these funds are included on the statement of net position. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Storm Water Fund – To account for the operation of the City’s storm water drainage system.

Internal Service Fund - To account for the accumulation and allocation of costs associated with the City’s health and dental self-insurance program.

Fiduciary Funds

Agency Funds - These 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 agency funds account for municipal court monies, fire damage reimbursements, fines for the Licking County law library and Joint Economic Development Zone income tax collections. 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 position 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.

Interfund receivables and payables between governmental and business-type activities have been eliminated in the government-wide statement of net position.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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.

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, current liabilities, and deferred outflows/inflows of resources, 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, liabilities and deferred outflows/inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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.

Revenue considered susceptible to accrual at year end includes income taxes, interest on investments and state levied locally shared taxes (including motor vehicle license fees and local government assistance). 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 inflows of resources. Property taxes, which are measurable at December 31, 2012 but are not intended to finance 2012 operations, and delinquent property taxes whose availability is indeterminate, are recorded as deferred inflows of resources as further described in Note 6.

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements, proprietary funds and agency funds. Revenues are recognized when they are earned and expenses recognized when incurred.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2012.

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 department and object code 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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations (Continued)

fund may be modified during the year only by an ordinance of City Council. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual for the General Fund and Major Special Revenue Funds" are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

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.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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.

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 fund:

	Net Change in Fund Balances	
	General Fund	Community Development Fund
GAAP Basis (as reported)	(\$480,445)	\$854,981
Increase (Decrease):		
Accrued Revenues at December 31, 2012 received during 2013	(3,086,026)	(5,903,945)
Accrued Revenues at December 31, 2011 received during 2012	3,290,013	4,780,423
Accrued Expenditures at December 31, 2012 paid during 2013	1,649,206	187,836
Accrued Expenditures at December 31, 2011 paid during 2012	(1,526,581)	(129,365)
2011 Prepays for 2012	42,867	0
2012 Prepays for 2013	(46,722)	0
Outstanding Encumbrances	(317,266)	(260,165)
Budget Basis	<u>(\$474,954)</u>	<u>(\$470,235)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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 5, "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 5, "Cash, Cash Equivalents and Investments".

The City has invested funds in the STAR Ohio during 2012. 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, 2012.

H. Inventory

On the government-wide financial statements and in the proprietary funds, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2012, 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, 2012**

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 \$10,000.

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 Position, but they are not reported in the Fund Financial Statements.

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.

2. Property, Plant and Equipment – Business Type Activities

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 Position 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, 2012***

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, Storm Water Fund Tax Increment Financing Fund Debt Service Fund
Special Assessment Bonds	Sewer Fund
OWDA Loan	Water Fund, Sewer Fund, Storm Water Fund
OPWC Loan	Sewer Fund
Capital Leases	Street Department Fund Capital Improvement Fund, Water Fund
Compensated Absences	General Fund Street Department Fund Income Tax Fund Community Development Fund Court Computerization Fund Probation Grant Fund Water Fund Sewer Fund Storm Water Fund
Accrued Pension Liability	General Fund
Pollution Remediation Liability	Landfill Reclamation Fund
ODOT SIB Loan	Tax Increment Financing 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, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences (Continued)

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments. 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, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. 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 Position

Net position represents the difference between assets, liabilities, and deferred outflows/inflows of resources. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on 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. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

N. 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. In order to avoid distorting the measurement of the cost of individual functional activities, entries are made to eliminate the activity provided by the internal service funds to those funds considered governmental and those considered business-type. The elimination of the internal service funds is based on the activity of each fund to which it provides service. Interfund services provided and used are not eliminated through the process of consolidation.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Pensions

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

P. Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision making authority. For the City, these constraints consist of ordinances passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The City has no formal policy authorizing a body or official to assign amounts for specific purposes.

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted (committed, assigned and unassigned) resources as they are needed.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Restricted Assets

Restricted cash and investments are amounts restricted in use for cemetery care and maintenance, fire department operations, and permissive tax monies held and secured by Licking County.

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, wastewater collection and treatment, and storm water collection. 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 or extraordinary items to report during 2012.

T. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, income taxes, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2012 the City implemented GASB Statement No. 62, “*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*,” GASB Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*” and GASB Statement No. 65, “*Items Previously Reported as Assets and Liabilities*”.

Statement No. 62 incorporated into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. GASB 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position.

Statement No. 65 provides guidance on how to properly classify items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. In addition, guidance is provided on recognizing certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

The implementation of these GASB Statements had no impact on beginning of year fund balance/net position.

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities – The fund deficits at December 31, 2012 of \$103,625 in the American Recovery and Reinvestment Act/Housing and Economic Recovery Act (ARRA/HERA) Fund, \$64,891 in the Safety Grants Fund, \$139,384 in the Federal Transit Administration Fund, \$4,829 in the Ohio Department of Natural Resources Grants Fund, \$234,990 in the Brownfield Cleanup Fund (special revenue funds) and \$11,088 in the Local Public Agency Fund (capital projects fund) arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary/cash basis. The General Fund provides transfers when cash is required, not when accruals occur.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 4 – FUND BALANCE CLASSIFICATION

Fund balance is classified as nonspendable, restricted, assigned, and unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Community Development Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Supplies Inventory	\$71,049	\$0	\$0	\$231,351	\$302,400
Prepaid Items	46,722	0	0	0	46,722
Total Nonspendable	<u>117,771</u>	<u>0</u>	<u>0</u>	<u>231,351</u>	<u>349,122</u>
Restricted:					
Community Development	0	5,832,236	0	5,153	5,837,389
Capital Acquisition and Improvement	0	0	702,416	374,889	1,077,305
Cemetery Maintenance	0	0	0	1,105,732	1,105,732
Memorial Sidewalk Program	0	0	0	87,529	87,529
Street Maintenance	0	0	0	1,094,799	1,094,799
Adult Probation Program	0	0	0	97,014	97,014
Court Improvements	0	0	0	1,256,119	1,256,119
Law Enforcement	0	0	0	282,485	282,485
Pollution Remediation	0	0	0	196,639	196,639
Debt Retirement	0	0	0	1,018,328	1,018,328
Total Restricted	<u>0</u>	<u>5,832,236</u>	<u>702,416</u>	<u>5,518,687</u>	<u>12,053,339</u>
Assigned:					
Other Purposes	1,300,983	0	0	0	1,300,983
Total Assigned	<u>1,300,983</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,300,983</u>
Unassigned (Deficits):	2,501,691	0	0	(558,807)	1,942,884
Total Fund Balances	<u>\$3,920,445</u>	<u>\$5,832,236</u>	<u>\$702,416</u>	<u>\$5,191,231</u>	<u>\$15,646,328</u>

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 5 - 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;

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 5 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

- 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).

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of City cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. 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. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions. The City's policy is to deposit funds with banking institutions which collateralize public monies in accordance with the Ohio Revised Code.

A. Deposits

At year end the carrying amount of the City's deposits was \$10,961,521 and the bank balance was \$12,443,696. Federal depository insurance covered \$2,718,617 of the bank balance and \$9,725,079 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$9,725,079</u>
Total Balance	<u><u>\$9,725,079</u></u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 5 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

B. Investments

The City's investments at December 31, 2012 are summarized below:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3	3-5
Repurchase Agreement	\$3,137,429	N/A	\$3,137,429	\$0	\$0
STAR Ohio	4,746,828	AAAm ¹	4,746,828	0	0
Government Agency MM	512,352	AA+ ¹	512,352	0	0
Corporate Equities	377,973	N/A	377,973	0	0
Corporate Notes/Bonds	10,238	Ba1 ²	10,238	0	0
Negotiable CD's	2,610,556	AAA ³	2,610,556	0	0
FFCB	20,197	AA+ ¹	0	10,226	9,971
FNMA	2,000,514	AA+ ¹	0	500,409	1,500,105
Total Investments	<u>\$13,416,087</u>		<u>\$11,395,376</u>	<u>\$510,635</u>	<u>\$1,510,076</u>

¹ Standard & Poor's

² Moody's Investor Service

³ All are fully FDIC insured and therefore have an implied AAA credit rating

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The City's investment policy is consistent with the Ohio Revised Code concerning interest rate risk.

Investment Credit Risk – The City's investment policy does not limit its investment choices other than the limitation of State statute for "interim" funds described previously.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer.

Custodial Credit Risk – The City's balance of investments are held by the trust department of its banking institution in the City's name. The City has no policy on custodial credit risk and is governed by Ohio Revised Code as described under Deposits.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property located in the City. Real property taxes (other than public utility) collected during 2012 were levied after October 1, 2011 on assessed values as of January 1, 2011, the lien date. Assessed values are established by the county auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments are made in the third year following reappraisal. The last reappraisal was completed in 2011. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 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 percent 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, 2012 was \$3.70 per \$1,000 of assessed value. The assessed value upon which the 2012 collections were based was \$804,198,160. This amount constitutes \$779,976,130 in real property assessed value and \$24,222,030 in public utility 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, 2012***

NOTE 6 - TAXES (Continued)

B. Income Tax

The City levies a tax of 1.75% 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 7 - RECEIVABLES

Receivables at December 31, 2012 consisted of taxes, interest, accounts, loans, and intergovernmental receivables arising from shared revenues.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 8 – INTERFUND ACTIVITY

A. Transfers

Following is a summary of transfers in and out for all funds for 2012:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$2,780,921
Community Development Fund	6,200	0
Capital Improvement Fund	1,319,875	0
Other Governmental Funds	1,588,935	81,522
Total Governmental Funds	2,915,010	2,862,443
Water Fund	300,000	0
Sewer Fund	5,858	300,000
Storm Water Fund	0	58,425
Total Proprietary Funds	305,858	358,425
Total Transfers In	\$3,220,868	\$3,220,868
Transfer out of Proprietary Funds to Governmental Activities Capital Assets		384,257
Total Transfers Out		\$3,605,125

Transfers for the year ended December 31, 2012 included an \$815,346 transfer from the General Fund to Capital Improvement Fund which were EMS receipts dedicated to capital improvements. \$1,334,528 was transferred from the General Fund to the Debt Service Fund for debt payments. Transfers from Other Governmental funds of \$81,522 were the result of closing out funds and the reclass of debt retirement. The transfer out of the Storm Water Fund in the amount of \$58,425 was the result of a reclass of debt retirement. The Sewer Fund transferred \$300,000 to the Water Fund which was the result of a reclass of debt retirement. All transfers were made in accordance with Ohio Revised Code.

B. Interfund Receivables/Payables

The following is a summary of interfund loans receivable and payable for all funds for 2012:

Fund	Interfund Loans Receivable	Interfund Loans Payable
General Fund	\$561,330	\$0
Other Governmental Funds	0	561,330
Totals	\$561,330	\$561,330

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2012:

Historical Cost:

Class	December 31, 2011	Additions	Deletions	December 31, 2012
<i>Capital assets not being depreciated:</i>				
Land	\$17,272,958	\$2,948,569	(\$112,067)	\$20,109,460
Construction in Progress	2,022,551	383,088	(2,405,639)	0
Sub-Total	19,295,509	3,331,657	(2,517,706)	20,109,460
<i>Capital assets being depreciated:</i>				
Buildings	18,030,435	0	(166,935)	17,863,500
Improvements Other than Buildings	5,364,643	0	0	5,364,643
Infrastructure	59,200,558	2,053,031	(179,011)	61,074,578
Machinery and Equipment	13,623,903	614,618	(4,782,665)	9,455,856
Total Cost	<u>\$115,515,048</u>	<u>\$5,999,306</u>	<u>(\$7,646,317)</u>	<u>\$113,868,037</u>

Accumulated Depreciation:

Class	December 31, 2011	Additions	Deletions	December 31, 2012
Buildings	(\$6,064,084)	(\$364,256)	\$166,935	(\$6,261,405)
Improvements Other than Buildings	(3,594,853)	(127,289)	0	(3,722,142)
Infrastructure	(33,627,703)	(1,729,854)	147,426	(35,210,131)
Machinery and Equipment	(10,909,596)	(518,189)	4,197,374	(7,230,411)
Total Depreciation	<u>(\$54,196,236)</u>	<u>(\$2,739,588) *</u>	<u>\$4,511,735</u>	<u>(\$52,424,089)</u>
<i>Net Value:</i>	<u>\$61,318,812</u>			<u>\$61,443,948</u>

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$383,553
Community Environment	87,168
Public Health and Welfare Services	18,322
Transportation	1,898,604
General Government	351,941
Total Depreciation Expense	<u>\$2,739,588</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 9 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2012:

Historical Cost:

Class	December 31, 2011	Additions	Deletions	December 31, 2012
Capital assets not being depreciated:				
Land	\$161,800	\$0	\$0	\$161,800
Construction in Progress	20,681,391	5,631,252	(2,045,935)	24,266,708
Sub-Total	20,843,191	5,631,252	(2,045,935)	24,428,508
Capital assets being depreciated:				
Buildings and Improvements	36,330,185	0	0	36,330,185
Infrastructure	13,072,457	2,045,935	(30,296)	15,088,096
Machinery and Equipment	30,863,963	16,508	0	30,880,471
Total Cost	\$101,109,796	\$7,693,695	(\$2,076,231)	\$106,727,260
Accumulated Depreciation:				
Class	December 31, 2011	Additions	Deletions	December 31, 2012
Buildings and Improvements	(\$13,355,928)	(\$1,060,574)	\$0	(\$14,416,502)
Infrastructure	(4,039,121)	(195,800)	0	(4,234,921)
Machinery and Equipment	(29,472,878)	(244,527)	0	(29,717,405)
Total Depreciation	(\$46,867,927)	(\$1,500,901)	\$0	(\$48,368,828)
Net Value:	\$54,241,869			\$58,358,432

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 (“OPERS”)

The following information was provided by OPERS 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, 2012***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Ohio Public Employees Retirement System (“OPERS”) (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 OPERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS 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, including postemployment health care 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 OPERS. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2012, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2012 employer contribution rate for local government employer units was 14.00%, of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 10.0% for calendar year 2012. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 7.95% for calendar year 2012. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City’s contributions for pension obligations to OPERS for the years ending December 31, 2012, 2011, and 2010 were \$992,777, \$1,009,776 and \$837,846, respectively, which were equal to the required contributions for each year. Contributions to the member-directed plan for 2012 were \$50,554 made by the City and \$36,110 made by the plan members.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

All City full-time police officers and full-time firefighters participate in OP&F, a cost-sharing multiple-employer defined benefit pension plan. OP&F 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 ORC. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the plan. 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. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2012, 12.75% of annual covered salary for police and 17.25% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City’s contributions for pension obligations to the OP&F Fund for the years ending December 31, 2012, 2011, and 2010 were \$589,870, \$574,601 and \$589,430 for police and \$862,588, \$874,598 and \$875,359 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System (“OPERS”)

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B Premium reimbursement, to qualifying member of both the Traditional Pension and the Combined Plans. Members of the Member Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% for calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar year 2012. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2012, 2011, and 2010 were \$402,063, \$403,910 and \$477,650, respectively, which were equal to the required contributions for each year.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

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

Plan Description – The City contributes to the OP&F sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OP&F to provide OPEB benefits. Authority to establish and amend benefits is provided in Chapter 742 of the ORC.

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F’s website at www.op-f.org.

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2012, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2012, 2011, and 2010 were \$312,284, \$303,994 and \$312,051 for police and \$337,534, \$341,811 and \$342,532 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, 2012***

NOTE 12 - 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 twenty 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 required if the bonds had been issued at the expiration of the initial five year period. Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the City or a combination of these sources.

	Balance January 1, 2012	Issued	(Retired)	Balance December 31, 2012
Capital Projects Fund Notes Payable:				
1.250% Downtown Fire Station	\$0	\$1,150,000	\$0	\$1,150,000
1.250% City Hall Parking Deck	0	250,000	0	250,000
1.250% Service Complex Roof	0	200,000	0	200,000
1.250% South Second Street Bridge	0	600,000	0	600,000
Total Capital Projects Fund Notes Payable	<u>0</u>	<u>2,200,000</u>	<u>0</u>	<u>2,200,000</u>
Enterprise Fund Notes Payable:				
1.300% Water Pressure Zone Project	\$0	\$2,400,000	(\$2,400,000)	\$0
1.300% 1030 CSO Project	0	400,000	(400,000)	0
1.300% Channel/Postal CSO Project	0	500,000	(500,000)	0
1.300% Garfield McKinley Sewer Project	0	350,000	(350,000)	0
1.300% Moull Street Storm Sewer	0	1,000,000	(1,000,000)	0
Total Enterprise Fund Notes Payable	<u>0</u>	<u>4,650,000</u>	<u>(4,650,000)</u>	<u>0</u>
Total Notes Payable	<u>\$0</u>	<u>\$6,850,000</u>	<u>(\$4,650,000)</u>	<u>\$2,200,000</u>

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CITY OF NEWARK, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2012 were as follows:

			Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012	Amount Due Within One Year
Governmental Activities:							
General Obligation Bonds:							
East Main Street							
Improvement Refunding (TIF)	4.0%-4.25%	2028	\$2,245,000	\$0	(\$95,000)	\$2,150,000	\$100,000
East Main Street Bridge	4.50%	2021	1,000,000	0	(100,000)	900,000	100,000
Police and Fire Facilities	2.0%-4.75%	2031	8,719,991	0	(340,000)	8,379,991	355,000
Police and Fire Facilities	1.0%-4.00%	2030	870,000	0	(35,000)	835,000	35,000
Ice Arena Renovations	1.0%-4.00%	2030	225,000	0	(10,000)	215,000	10,000
Evans Boulevard Construction	1.0%-2.70%	2020	515,000	0	(55,000)	460,000	55,000
Deo Drive Improvement (TIF)	3.75%-4.38%	2027	985,000	0	(55,000)	930,000	55,000
Landfill Reclamation	1.90%-5.00%	2031	1,200,000	0	(30,000)	1,170,000	45,000
			15,759,991	0	(720,000)	15,039,991	755,000
Interest Accretion			397,927	80,591	0	478,518	0
Total General Obligation Bonds			16,157,918	80,591	(720,000)	15,518,509	755,000
ODOT State Infrastructure Bank Loan:							
Waterworks Road Improvements	3.00%	2018	1,299,147	738,339	(174,321)	1,863,165	263,701
Capital Leases			2,001,395	350,000	(557,208)	1,794,187	446,056
Accrued Pension Liability			1,844,336	0	(47,112)	1,797,224	49,134
Pollution Remediation Liability			526,089	0	(526,089)	0	0
Compensated Absences Payable			2,795,783	1,464,495	(1,035,850)	3,224,428	1,221,380
Total Governmental Activities			\$24,624,668	\$2,633,425	(\$3,060,580)	\$24,197,513	\$2,735,271

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CITY OF NEWARK, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

			Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012	Amount Due Within One Year
Business-Type Activities:							
General Obligation Bonds:							
Water System Improvement Refunding	3.75%-4.50%	2018	\$4,323,560	\$0	(\$729,934)	\$3,593,626	\$686,920
Interest Accretion			4,232,269	447,981	(765,066)	3,915,184	0
			8,555,829	447,981	(1,495,000)	7,508,810	686,920
Storm Water Improvement	2.50%-5.50%	2034	1,710,000	0	(45,000)	1,665,000	45,000
Storm Water Improvement	1.70%-5.25%	2030	1,415,000	0	(55,000)	1,360,000	55,000
Various Purpose	1.00%-3.00%	2032	0	4,650,000	0	4,650,000	190,000
Total General Obligation Bonds			11,680,829	5,097,981	(1,595,000)	15,183,810	976,920
Special Assessment Bond:							
(with governmental commitment)							
Morgan Manor	4.75%	2015	15,388	0	(5,128)	10,260	5,128
Ohio Water Development:							
Authority Loan (OWDA):							
Sewer Improvements	7.00%	2012	1,483,386	0	(976,866)	506,520	506,520
Licking River Interceptor Construction	3.25%	2026	2,120,361	0	(111,714)	2,008,647	115,374
Stormwater Utility Planning	3.36%	2028	659,449	0	(26,476)	632,973	50,497
Wastewater Electrical Improvements	0.61%	2027	2,305,770	0	(137,622)	2,168,148	138,463
Wastewater High Rate Treatment System	4.67%	2013	13,785,096	352,109	(505,515)	13,631,690	0
CSO Sewer Separation	3.36%	2028	827,758	0	(22,911)	804,847	18,677
Water Plant Generator	3.53%	2030	1,030,590	0	(39,486)	991,104	0
CSO Sewer Separation	3.25%	2031	2,039,335	0	(92,040)	1,947,295	0
Automated Meter Reading	3.53%	2031	1,328,631	784,162	0	2,112,793	0
CSO Sewer Separation 1030	2.45%	2033	0	2,177,990	0	2,177,990	0
Raccoon Creek Interceptor	2.64%	2033	0	176,814	0	176,814	0
Total OWDA Loans			25,580,376	3,491,075	(1,912,630)	27,158,821	829,531
Ohio Public Works:							
Commission Loan (OPWC):							
Licking River Interceptor Construction	0.00%	2026	440,708	0	(28,433)	412,275	28,433
Sewer Improvements	0.00%	2022	47,495	0	(4,318)	43,177	4,318
Idlewilde Park Sewer Phase I	0.00%	2022	39,110	0	(3,259)	35,851	3,259
Idlewilde Park Sewer Phase II	0.00%	2024	453,080	0	(33,561)	419,519	33,561
Total OPWC Loans			980,393	0	(69,571)	910,822	69,571
Capital Leases			275,901	0	(45,852)	230,049	47,680
Compensated Absences			687,389	321,993	(367,853)	641,529	281,504
Total Business-Type Activities			\$39,220,276	\$8,911,049	(\$3,996,034)	\$44,135,291	\$2,210,334

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

The principal amount of the City's special assessment debt outstanding at December 31, 2012, \$10,260, 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.

The City's liability for past service costs relating to the Police and Firemen's Pension Fund at December 31, 2012 was \$2,806,874 in principal and interest payments through the year 2035. Only the principal amount of \$1,797,224 is included in the Government-wide Statement of Net Position.

The East Main Street Improvement Bonds are tax increment financing bonds issued in 1999 in the amount of \$3.5 million and were used for updating and installing a sanitary sewer, road improvements, street lighting and traffic control and flood control improvements.

The East Main Street Bridge bond was issued in 2006 in the amount of \$1.6 million for the rehabilitation of the East Main Street Bridge.

The Police and Fire facilities bonds were issued in 2003 in the amount of \$11 million to provide for the construction of state of the art police and fire buildings. In 2010, \$905,000 of additional bonds were issued to fund cost overruns for this project.

The Deo Drive Improvement bonds were issued in 2008 in the amount of \$1.2 million to provide for improvements to Deo Drive.

The Ice Arena Renovation bonds were issued in 2010 in the amount of \$235,000 to provide funding for remodeling and mechanical upgrades to a City owned ice arena.

The Landfill Reclamation bonds were issued in 2011 in the amount of \$1.2 million to provide for pollution remediation activities due to violation of an Ohio EPA National Pollutant Discharge Elimination System permit.

The construction of Evans Boulevard was financed through the issuance of \$570,000 of bonds issued in 2010. Evans Boulevard provides access to new school buildings constructed on the City's northwest side.

The Ohio Department of Transportation State Infrastructure Bank Loan will be used for improvements to Waterworks Road. The total loan amount of \$3 million will be paid back over a ten year period at a rate of 3%. This loan is received in increments as the project is completed. The future principal and interest payments presented for this loan are based on a preliminary debt repayment schedule, and amounts will change as additional loan proceeds are received.

The Water System bonds were issued in 1993 in the amount of \$19 million to provide for improvements to the City's water treatment plant.

Storm Water Improvement bonds were issued in 2009 in the amount of \$1.8 million and in 2011 in the amount of \$1.5 million to provide for storm water improvements in the McKinley and Garfield Road area.

In 2012, \$4,650,000 of general obligation various purpose bonds were issued for multiple projects consisting of the installation of water lines, sewer lines, and storm drains as well as the continuation of the City's combined sewer overflow separation project.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

A. Ohio Water Development Authority Loans/Ohio Public Works Commission Loans

In 2006 the City obtained financing through the Ohio Public Works Commission for construction of an interceptor on the Licking River in the amount of \$568,655 at an interest rate of 0%.

In 2002 the City obtained financing through the Ohio Public Works Commission for sanitary sewer improvements in the amount of \$86,356 at an interest rate of 0%.

In 2003 the City obtained financing through the Ohio Public Works Commission for sanitary sewer improvements at Idlewilde Park in the amount of \$65,181 at an interest rate of 0%. In 2005, an additional \$671,227 was financed for the second phase of sewer improvements at Idlewilde Park.

Sewer Treatment Plant - In 1986, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for construction of the wastewater treatment plant. The interest rate on the loan is 7.00%, per annum and is payable from wastewater collection and treatment charges.

Licking River Interceptor Construction - In 2006 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for construction of an interceptor on the Licking River. The interest rate on the loan is 3.25% per annum and is payable from wastewater collection and treatment charges. This project was additionally financed by an Ohio Public Works Commission Loan in the amount of \$568,655 at an interest rate of 0%.

Storm Water Utility Planning - In 2005, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for storm water utility planning. The interest rate on the loan is 3.36%, per annum and is payable from storm water charges.

Sewer Treatment Plant Electrical Improvements - In 2006, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for electrical improvements at the wastewater treatment plant. The interest rate on the loan is 0.61%, per annum and is payable from wastewater collection and treatment charges.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

A. Ohio Water Development Authority Loans/Ohio Public Works Commission Loans
(Continued)

Wastewater High Rate Treatment System - In 2007 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for installation of a wastewater high rate treatment system. The total amount is subject to change and has not been finalized. The interest rate on the loan is 4.67%, per annum. This loan is payable from wastewater collection and treatment charges and is received by the City in increments as the project is completed. As of December 31, 2012, the City had received \$19,103,060 from OWDA. In total, \$5,000,000 of the loan balance has been forgiven through American Recovery and Reinvestment Act monies received. Subsequent amounts will be received in future years. As of December 31, 2012 the loan has not been finalized and there is no amortization schedule for the loan.

Combined Sewer Overflow (CSO) Separation - In 2008 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for a combined sewer overflow separation project. The interest rate on the loan is 3.36%, per annum. This loan is payable from wastewater collection and treatment charges.

Water Plant Generator - In 2008 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for installation of a back up power generator at the water plant. The total amount is subject to change and has not been finalized. The interest rate on the loan is 3.53%, per annum. This loan is payable from water charges and is received by the City in increments as the project is completed. As of December 31, 2012, the City had received \$1,068,718 from OWDA. Subsequent amounts will be received in future years. As of December 31, 2012 the loan has not been finalized and there is no amortization schedule for the loan.

Combined Sewer Overflow (CSO) Separation - In 2010 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for a combined sewer overflow separation project. The total amount is subject to change and has not been finalized. The interest rate on the loan is 3.25%, per annum. This loan is payable from wastewater collection and treatment charges and is received by the City in increments as the project is completed. As of December 31, 2012, the City had received \$2,039,335 from OWDA. Subsequent amounts will be received in future years. As of December 31, 2012 the loan has not been finalized and there is no amortization schedule for the loan.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

A. Ohio Water Development Authority Loans/Ohio Public Works Commission Loans
(Continued)

Automated Meter Reading - In 2010 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for an automated meter reading system. The total amount is subject to change and has not been finalized. The interest rate on the loan is 3.53%, per annum. This loan is payable from water charges and is received by the City in increments as the project is completed. As of December 31, 2012, the City had received \$2,112,793 from OWDA. Subsequent amounts will be received in future years. As of December 31, 2012 the loan has not been finalized and there is no amortization schedule for the loan.

Combined Sewer Overflow (CSO) Separation - In 2012 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for a combined sewer overflow separation project. The total amount is subject to change and has not been finalized. The interest rate on the loan is 2.45%, per annum. This loan is payable from wastewater collection and treatment charges and is received by the City in increments as the project is completed. As of December 31, 2012, the City had received \$2,177,990 from OWDA. Subsequent amounts will be received in future years. As of December 31, 2012 the loan has not been finalized and there is no amortization schedule for the loan.

Raccoon Creek Interceptor - In 2012 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for construction of an interceptor on Raccoon Creek. The total amount is subject to change and has not been finalized. The interest rate on the loan is 2.64%, per annum. This loan is payable from wastewater collection and treatment charges and is received by the City in increments as the project is completed. As of December 31, 2012, the City had received \$176,814 from OWDA. Subsequent amounts will be received in future years. As of December 31, 2012 the loan has not been finalized and there is no amortization schedule for the loan.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

B. Future Long-Term Financing Requirements

A summary of the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2012 follows:

Years	Governmental Activities					
	General Obligation Bonds		Accrued Pension Liability		ODOT SIB Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$755,000	\$638,939	\$49,134	\$75,866	\$263,701	\$53,931
2014	775,000	612,219	51,244	73,756	271,672	45,962
2015	501,476	878,161	53,446	71,554	279,884	37,750
2016	506,285	874,898	55,742	69,258	288,343	29,291
2017	512,230	869,641	58,136	66,864	297,059	20,575
2018-2022	4,235,000	2,346,661	330,350	294,650	462,506	13,944
2023-2027	4,400,000	1,405,123	407,656	217,344	0	0
2028-2032	3,355,000	387,152	503,056	121,944	0	0
2033-2035	0	0	288,460	18,414	0	0
Totals	<u>\$15,039,991</u>	<u>\$8,012,794</u>	<u>\$1,797,224</u>	<u>\$1,009,650</u>	<u>\$1,863,165</u>	<u>\$201,453</u>

Years	Business-Type Activities			
	General Obligation Bonds		Special Assessment Bond	
	Principal	Interest	Principal	Interest
2013	\$976,920	\$1,059,136	\$5,128	\$488
2014	960,176	1,079,169	5,132	244
2015	934,800	1,110,304	0	0
2016	853,959	1,180,130	0	0
2017	820,780	1,219,598	0	0
2018-2022	2,246,991	1,972,548	0	0
2023-2027	2,030,000	708,936	0	0
2028-2032	2,205,000	311,067	0	0
2033-2035	240,000	20,076	0	0
Totals	<u>\$11,268,626</u>	<u>\$8,660,964</u>	<u>\$10,260</u>	<u>\$732</u>

Years	OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest
	2013	\$829,531	\$163,753	\$69,571
2014	329,980	118,132	69,571	0
2015	337,157	110,953	69,571	0
2016	344,550	103,559	69,571	0
2017	352,168	95,944	69,571	0
2018-2022	1,883,366	357,186	362,071	0
2023-2027	1,930,360	130,467	200,896	0
2028-2032	114,023	2,882	0	0
Totals	<u>\$6,121,135</u>	<u>\$1,082,876</u>	<u>\$910,822</u>	<u>\$0</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 13 - 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 \$7,505,000 at December 31, 2012 are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

In September 2006, the City defeased \$2,405,000 of General Obligation Bonds for East Main Street Improvements dated September 1, 1999 (the "1999 Bonds") through the issuance of \$2,645,000 of East Main Street Improvement Refunding Bonds (the "2006 Bonds"). The net proceeds of the 2006 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 \$1,490,000 at December 31, 2012 are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 14 - CAPITALIZED LEASES

The City leases several assets under capital leases. The original cost of equipment of \$2,453,495, and the related liability reported as Governmental Activities capital leases are reported on the Government – wide Statement of Net Position. The original cost of equipment of \$458,396 and the related liability reported as Business Type activities capital leases are reported on the Government – wide Statement of Net Position as well as in the respective funds.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2012:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2013	\$517,561	\$56,302
2014	517,561	56,302
2015	389,731	56,302
2016	389,731	56,302
2017	153,851	28,151
Minimum Lease Payments	<u>1,968,435</u>	<u>253,359</u>
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(174,248)</u>	<u>(23,310)</u>
Present value of minimum lease payments	<u>\$1,794,187</u>	<u>\$230,049</u>

NOTE 15 - 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. Shared Risk Pool

The City of Newark is a participant in the Public Entities Pool of Ohio (the “PEP Pool”). The PEP Pool was established in 1987 and is administered under contract by the American Risk Pooling Consultants, Inc. (ARPCO) to provide a program of property and casualty insurance for its Member organizations throughout the State of Ohio.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 15 - INSURANCE AND RISK MANAGEMENT (Continued)

A. Shared Risk Pool (Continued)

The Pool's general objectives are to provide Members with broader coverage than is available in the conventional insurance marketplace and provide coverage on a basis that will allow Members to level costs and accurately budget over a long period of time. Members of the Pool may withdraw coverage upon 60 days written notice to ARPCO prior to their renewal date by certified return receipt mail. Each participant makes an annual "contribution" to the Pool for the coverage they are provided based on their exposures and rates established by the Pool using anticipated and actual results of operation for the various coverage's provided.

The City of Newark obtained insurance coverage from the Pool for losses relating to General liability, Law Enforcement liability, Public Officials liability, Auto liability/Physical Damage, and Property coverage.

To protect the Pool against the unexpected, the Pool has joined with other public entity pools as a participant in the American Public Entity Excess Pool. This contractual relationship spreads the effects of any loss in excess of \$350,000 for casualty claims and \$150,000 for property losses and additionally guarantees funds to the Pool in the unlikely event that the Pool's funds are exhausted in any year.

The joint reinsurance arrangement that the Pool has entered into is well structured and has adequate funds to meet the needs of the Pool. Property coverage's are reinsured by The Travelers.

The City of Newark carries commercial insurance coverage for all other risks, including but not limited to Property, Boiler and Machinery, Crime, and Auto. There have been no reductions in insurance coverage's from the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage's in any of the past three fiscal years.

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.

B. Self Insurance

The City established a Self-Insurance Fund (internal service fund) to account for and finance its health and dental uninsured risks of loss. Under this program, the Self-Insurance Fund provides coverage for up to a maximum of \$75,000 for health insurance claims per individual and \$1,000 for dental claims per individual. The plan is administered by a third party administrator, MedBen which monitors all claim payments. The dental care program is administered by The Guardian. The City purchases insurance for claims in excess of health insurance coverage provided by the Self-Insurance Fund. All departments of the City participate in the program and make payments to the Self-Insurance Fund based on participation of employees and their dependents.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 15 - INSURANCE AND RISK MANAGEMENT (Continued)

B. Self Insurance (Continued)

A liability of unpaid claims cost of \$462,591 is based on the requirements of GASB 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Interfund premiums are based primarily upon the insured funds' claims experience.

Changes in the fund's claims liability in 2011 and 2012 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2011	\$286,384	\$4,959,194	(\$4,909,517)	\$336,061
2012	336,061	6,632,890	(6,506,360)	462,591

NOTE 16 - CONTINGENCIES

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

NOTE 17 - CONSTRUCTION COMMITMENTS

The City had the following significant contractual commitments at December 31, 2012:

<u>Project</u>	<u>Remaining Contractual Commitment</u>	<u>Expected Date of Completion</u>
Raccoon Creek Interceptor	\$6,700,000	2013
Aeration Modification Project	1,433,000	2013
Downtown Sewers	3,500,000	2014
Moull Street Storm Sewers	504,500	2013
Channel/Postal Street Improvements	1,884,325	2013
Harlech/Howell Drive Waterline	899,173	2013
City Hall Parking Garage	144,400	2013
South Second Street Bridge Deck Replacement	449,752	2013

*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 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 City 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.

Special Improvement District Fund

To account for funds received through a voluntary assessment for improvements to properties located on the downtown square.

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.

American Recovery and Reinvestment Act/

Housing and Economic Recovery Act (ARRA/HERA) Fund

To account for funds received through the American Recovery and Reinvestment Act of 2009 (ARRA) and Housing and Economic Recovery Act of 2008 (HERA) including the Neighborhood Stabilization Act (NSP).

Safety Grants Fund

To account for expenses of various Block Grant funds designated for the safety and security of City residents.

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.

(Continued)

Special Revenue Funds

State Highway Fund

To account for the portion of the state gasoline tax designated for construction, maintenance and repair of State highways located within the City.

Law Enforcement Fund

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

Landfill Reclamation Fund

To account for costs associated with remediation activities due to violation of an Ohio EPA National Pollutant Discharge Elimination System permit.

Court Computerization Fund

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

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.

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.

Ohio Department of Natural Resources (ODNR) Grants Fund

This fund accounted for grants used for bike path improvements as well as improvements to City parks.

(Continued)

Special Revenue Funds

Mary E. Barnes Trust Fund

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

Brownfield Cleanup Fund

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

Judicial Fund

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

Debt Service Fund

The Debt Service Funds are 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

Tax Increment Financing Fund

To account for payments received in lieu of taxes to be used for the retirement of debt issued to finance projects in designated tax increment financing districts.

(Continued)

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.

Local Public Agency (LPA) Projects Fund

To account for Local Public Agency funds received through the state of Ohio for transportation infrastructure projects.

Court Capital Improvement Fund

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

CITY OF NEWARK, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Pooled Cash and Investments	\$ 2,683,898	\$ 1,018,328	\$ 373,400	\$ 4,075,626
Investments	75,000	0	0	75,000
Receivables:				
Taxes	473,578	493,500	0	967,078
Accounts	31,646	0	1,489	33,135
Intergovernmental	1,890,389	0	0	1,890,389
Interest	10	0	0	10
Inventory of Supplies, at Cost	231,351	0	0	231,351
Restricted Assets:				
Cash and Cash Equivalents	228,263	0	0	228,263
Cash and Cash Equivalents with Fiscal Agent	14,328	0	0	14,328
Investments	627,500	0	0	627,500
Investments with Fiscal Agent	408,407	0	0	408,407
Total Assets	\$ 6,664,370	\$ 1,511,828	\$ 374,889	\$ 8,551,087
Liabilities:				
Accounts Payable	\$ 22,075	\$ 0	\$ 0	\$ 22,075
Accrued Wages and Benefits Payable	141,558	0	0	141,558
Intergovernmental Payable	8,604	0	0	8,604
Interfund Loans Payable	550,242	0	11,088	561,330
Total Liabilities	722,479	0	11,088	733,567
Deferred Inflows of Resources:				
Unavailable Amounts	1,701,313	0	0	1,701,313
Property Tax Levy for Next Fiscal Year	431,476	493,500	0	924,976
Total Deferred Inflows of Resources	2,132,789	493,500	0	2,626,289
Fund Balance:				
Nonspendable	231,351	0	0	231,351
Restricted	4,125,470	1,018,328	374,889	5,518,687
Unassigned	(547,719)	0	(11,088)	(558,807)
Total Fund Balance	3,809,102	1,018,328	363,801	5,191,231
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 6,664,370	\$ 1,511,828	\$ 374,889	\$ 8,551,087

CITY OF NEWARK, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 400,476	\$ 740,590	\$ 0	\$ 1,141,066
Intergovernmental Revenues	7,341,149	0	0	7,341,149
Charges for Services	111,898	0	0	111,898
Investment Earnings	38,634	0	0	38,634
Special Assessments	136	7,567	0	7,703
Fines and Forfeitures	491,089	0	26,235	517,324
All Other Revenue	67,816	6,391	0	74,207
Total Revenue	8,451,198	754,548	26,235	9,231,981
Expenditures:				
Current:				
Security of Persons and Property	1,907,768	0	0	1,907,768
Public Health and Welfare Services	1,751,877	0	0	1,751,877
Community Environment	522,874	0	0	522,874
Transportation	4,377,197	0	0	4,377,197
General Government	551,918	258,613	0	810,531
Capital Outlay	0	0	396,159	396,159
Debt Service:				
Principal Retirement	0	894,321	0	894,321
Interest and Fiscal Charges	0	722,501	0	722,501
Total Expenditures	9,111,634	1,875,435	396,159	11,383,228
Excess (Deficiency) of Revenues Over (Under) Expenditures	(660,436)	(1,120,887)	(369,924)	(2,151,247)
Other Financing Sources (Uses):				
Loan Issuance	0	0	738,339	738,339
Transfers In	229,407	1,359,528	0	1,588,935
Transfers Out	(75,664)	(5,858)	0	(81,522)
Total Other Financing Sources (Uses)	153,743	1,353,670	738,339	2,245,752
Net Change in Fund Balance	(506,693)	232,783	368,415	94,505
Fund Balance at Beginning of Year	4,466,576	785,545	(4,614)	5,247,507
Decrease in Inventory	(150,781)	0	0	(150,781)
Fund Balance End of Year	\$ 3,809,102	\$ 1,018,328	\$ 363,801	\$ 5,191,231

CITY OF NEWARK, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012**

	Street Department	Cemetery	Special Improvement District	Veterans Memorial Sidewalk
Assets:				
Pooled Cash and Investments	\$ 316,436	\$ 201,353	\$ 5,153	\$ 12,529
Investments	0	0	0	75,000
Receivables:				
Taxes	0	0	0	0
Accounts	0	0	0	0
Intergovernmental	824,402	0	0	0
Interest	0	10	0	0
Inventory of Supplies, at Cost	231,351	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	7,884	0	0
Cash and Cash Equivalents with Fiscal Agent	0	3,707	0	0
Investments	0	627,500	0	0
Investments with Fiscal Agent	0	265,278	0	0
Total Assets	\$ 1,372,189	\$ 1,105,732	\$ 5,153	\$ 87,529
Liabilities:				
Accounts Payable	\$ 1,527	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	122,936	0	0	0
Intergovernmental Payable	0	0	0	0
Interfund Loans Payable	0	0	0	0
Total Liabilities	124,463	0	0	0
Deferred Inflows of Resources:				
Unavailable Amounts	549,601	0	0	0
Property Tax Levy for Next Fiscal Year	0	0	0	0
Total Deferred Inflows of Resources	549,601	0	0	0
Fund Balance:				
Nonspendable	231,351	0	0	0
Restricted	466,774	1,105,732	5,153	87,529
Unassigned	0	0	0	0
Total Fund Balance	698,125	1,105,732	5,153	87,529
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,372,189	\$ 1,105,732	\$ 5,153	\$ 87,529

CITY OF NEWARK, OHIO

ARRA/HERA	Safety Grants	Police/Fire Pension	State Highway	Law Enforcement	Landfill Reclamation
\$ 0	\$ 0	\$ 0	\$ 0	\$ 125,781	\$ 198,265
0	0	0	0	0	0
0	0	473,578	0	0	0
0	0	0	0	6,754	0
103,625	88,229	25,521	66,843	700	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 103,625</u>	<u>\$ 88,229</u>	<u>\$ 499,099</u>	<u>\$ 66,843</u>	<u>\$ 133,235</u>	<u>\$ 198,265</u>
\$ 0	\$ 6,475	\$ 0	\$ 0	\$ 0	\$ 1,626
0	0	0	0	0	0
0	0	0	0	4,500	0
103,625	82,363	0	0	0	0
<u>103,625</u>	<u>88,838</u>	<u>0</u>	<u>0</u>	<u>4,500</u>	<u>1,626</u>
103,625	64,282	67,623	44,562	0	0
0	0	431,476	0	0	0
<u>103,625</u>	<u>64,282</u>	<u>499,099</u>	<u>44,562</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0
0	0	0	22,281	128,735	196,639
(103,625)	(64,891)	0	0	0	0
<u>(103,625)</u>	<u>(64,891)</u>	<u>0</u>	<u>22,281</u>	<u>128,735</u>	<u>196,639</u>
<u>\$ 103,625</u>	<u>\$ 88,229</u>	<u>\$ 499,099</u>	<u>\$ 66,843</u>	<u>\$ 133,235</u>	<u>\$ 198,265</u>

(Continued)

CITY OF NEWARK, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012**

	Court Computerization	Permissive License Tax	Probation Grant	Federal Transit Administration
Assets:				
Pooled Cash and Investments	\$ 278,157	\$ 506,945	\$ 82,802	\$ 0
Investments	0	0	0	0
Receivables:				
Taxes	0	0	0	0
Accounts	12,689	0	0	1,547
Intergovernmental	0	297,057	119,758	124,435
Interest	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	220,379	0	0
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Investments	0	0	0	0
Investments with Fiscal Agent	0	0	0	0
Total Assets	\$ 290,846	\$ 1,024,381	\$ 202,560	\$ 125,982
Liabilities:				
Accounts Payable	\$ 0	\$ 220	\$ 0	\$ 11,702
Accrued Wages and Benefits Payable	1,335	0	16,597	690
Intergovernmental Payable	0	0	0	4,104
Interfund Loans Payable	0	0	0	124,435
Total Liabilities	1,335	220	16,597	140,931
Deferred Inflows of Resources:				
Unavailable Amounts	0	418,417	88,949	124,435
Property Tax Levy for Next Fiscal Year	0	0	0	0
Total Deferred Inflows of Resources	0	418,417	88,949	124,435
Fund Balance:				
Nonspendable	0	0	0	0
Restricted	289,511	605,744	97,014	0
Unassigned	0	0	0	(139,384)
Total Fund Balance	289,511	605,744	97,014	(139,384)
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 290,846	\$ 1,024,381	\$ 202,560	\$ 125,982

CITY OF NEWARK, OHIO

ODNR Grants	Mary E. Barnes Trust	Brownfield Cleanup	Judicial	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 956,477	\$ 2,683,898
0	0	0	0	75,000
0	0	0	0	473,578
0	0	0	10,656	31,646
4,829	0	234,990	0	1,890,389
0	0	0	0	10
0	0	0	0	231,351
0	0	0	0	228,263
0	10,621	0	0	14,328
0	0	0	0	627,500
0	143,129	0	0	408,407
<u>\$ 4,829</u>	<u>\$ 153,750</u>	<u>\$ 234,990</u>	<u>\$ 967,133</u>	<u>\$ 6,664,370</u>
\$ 0	\$ 0	\$ 0	\$ 525	\$ 22,075
0	0	0	0	141,558
0	0	0	0	8,604
4,829	0	234,990	0	550,242
<u>4,829</u>	<u>0</u>	<u>234,990</u>	<u>525</u>	<u>722,479</u>
4,829	0	234,990	0	1,701,313
0	0	0	0	431,476
<u>4,829</u>	<u>0</u>	<u>234,990</u>	<u>0</u>	<u>2,132,789</u>
0	0	0	0	231,351
0	153,750	0	966,608	4,125,470
(4,829)	0	(234,990)	0	(547,719)
<u>(4,829)</u>	<u>153,750</u>	<u>(234,990)</u>	<u>966,608</u>	<u>3,809,102</u>
<u>\$ 4,829</u>	<u>\$ 153,750</u>	<u>\$ 234,990</u>	<u>\$ 967,133</u>	<u>\$ 6,664,370</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, 2012**

	Street Department	Cemetery	Special Improvement District	Veterans Memorial Sidewalk
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	1,752,046	0	0	0
Charges for Services	0	2,199	0	0
Investment Earnings	0	26,001	0	435
Special Assessments	0	0	136	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	53,136	0	0	1,550
Total Revenue	<u>1,805,182</u>	<u>28,200</u>	<u>136</u>	<u>1,985</u>
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	0	48,195	0	0
Community Environment	0	0	11	0
Transportation	1,957,589	0	0	0
General Government	0	0	0	5,490
Total Expenditures	<u>1,957,589</u>	<u>48,195</u>	<u>11</u>	<u>5,490</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(152,407)	(19,995)	125	(3,505)
Other Financing Sources (Uses):				
Transfers In	64,405	0	0	0
Transfers Out	0	(75,664)	0	0
Total Other Financing Sources (Uses)	<u>64,405</u>	<u>(75,664)</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(88,002)	(95,659)	125	(3,505)
Fund Balance at Beginning of Year	936,908	1,201,391	5,028	91,034
Decrease in Inventory	(150,781)	0	0	0
Fund Balance End of Year	<u>\$ 698,125</u>	<u>\$ 1,105,732</u>	<u>\$ 5,153</u>	<u>\$ 87,529</u>

CITY OF NEWARK, OHIO

ARRA/HERA	Safety Grants	Police/Fire Pension	State Highway	Law Enforcement	Landfill Reclamation
\$ 0	\$ 0	\$ 400,476	\$ 0	\$ 0	\$ 0
513,120	712,364	78,173	142,058	34,117	0
0	0	0	0	0	0
0	4	0	0	0	444
0	0	0	0	0	0
0	0	0	0	86,578	0
0	0	0	0	0	0
<u>513,120</u>	<u>712,368</u>	<u>478,649</u>	<u>142,058</u>	<u>120,695</u>	<u>444</u>
0	905,598	478,682	0	174,617	0
0	0	0	0	0	0
521,668	0	0	0	0	0
0	0	0	142,532	0	0
0	0	0	0	0	385,717
<u>521,668</u>	<u>905,598</u>	<u>478,682</u>	<u>142,532</u>	<u>174,617</u>	<u>385,717</u>
(8,548)	(193,230)	(33)	(474)	(53,922)	(385,273)
0	138,677	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>138,677</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(8,548)	(54,553)	(33)	(474)	(53,922)	(385,273)
(95,077)	(10,338)	33	22,755	182,657	581,912
0	0	0	0	0	0
<u>\$ (103,625)</u>	<u>\$ (64,891)</u>	<u>\$ 0</u>	<u>\$ 22,281</u>	<u>\$ 128,735</u>	<u>\$ 196,639</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, 2012**

	Court Computerization	Permissive License Tax	Probation Grant	Federal Transit Administration
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	1,337,599	335,936	809,448
Charges for Services	0	0	0	109,699
Investment Earnings	0	0	0	0
Special Assessments	0	0	0	0
Fines and Forfeitures	224,391	0	0	0
All Other Revenue	0	11,330	1,400	400
Total Revenue	<u>224,391</u>	<u>1,348,929</u>	<u>337,336</u>	<u>919,547</u>
Expenditures:				
Current:				
Security of Persons and Property	0	0	336,814	0
Public Health and Welfare Services	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	1,329,607	0	947,469
General Government	134,366	0	0	0
Total Expenditures	<u>134,366</u>	<u>1,329,607</u>	<u>336,814</u>	<u>947,469</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	90,025	19,322	522	(27,922)
Other Financing Sources (Uses):				
Transfers In	0	0	15,350	10,975
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>15,350</u>	<u>10,975</u>
Net Change in Fund Balance	90,025	19,322	15,872	(16,947)
Fund Balance at Beginning of Year	199,486	586,422	81,142	(122,437)
Decrease in Inventory	0	0	0	0
Fund Balance End of Year	<u>\$ 289,511</u>	<u>\$ 605,744</u>	<u>\$ 97,014</u>	<u>\$ (139,384)</u>

CITY OF NEWARK, OHIO

ODNR Grants	Mary E. Barnes Trust	Brownfield Cleanup	Judicial	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 400,476
1,000	0	1,625,288	0	7,341,149
0	0	0	0	111,898
0	11,750	0	0	38,634
0	0	0	0	136
0	0	0	180,120	491,089
0	0	0	0	67,816
<u>1,000</u>	<u>11,750</u>	<u>1,625,288</u>	<u>180,120</u>	<u>8,451,198</u>
0	12,057	0	0	1,907,768
0	0	1,703,682	0	1,751,877
1,195	0	0	0	522,874
0	0	0	0	4,377,197
0	0	0	26,345	551,918
<u>1,195</u>	<u>12,057</u>	<u>1,703,682</u>	<u>26,345</u>	<u>9,111,634</u>
(195)	(307)	(78,394)	153,775	(660,436)
0	0	0	0	229,407
0	0	0	0	(75,664)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>153,743</u>
(195)	(307)	(78,394)	153,775	(506,693)
(4,634)	154,057	(156,596)	812,833	4,466,576
0	0	0	0	(150,781)
<u>\$ (4,829)</u>	<u>\$ 153,750</u>	<u>\$ (234,990)</u>	<u>\$ 966,608</u>	<u>\$ 3,809,102</u>

CITY OF NEWARK, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2012**

	<u>Debt Service</u>	<u>Tax Increment Financing</u>	<u>Total Nonmajor Debt Service Funds</u>
Assets:			
Pooled Cash and Investments	\$ 391,186	\$ 627,142	\$ 1,018,328
Receivables:			
Taxes	0	493,500	493,500
Total Assets	<u>\$ 391,186</u>	<u>\$ 1,120,642</u>	<u>\$ 1,511,828</u>
Liabilities:			
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	0	493,500	493,500
Total Deferred Inflows of Resources	<u>0</u>	<u>493,500</u>	<u>493,500</u>
Fund Balance:			
Restricted	391,186	627,142	1,018,328
Total Fund Balance	<u>391,186</u>	<u>627,142</u>	<u>1,018,328</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 391,186</u>	<u>\$ 1,120,642</u>	<u>\$ 1,511,828</u>

CITY OF NEWARK, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended December 31, 2012**

	Debt Service	Tax Increment Financing	Total Nonmajor Debt Service Funds
Revenues:			
Taxes	\$ 0	\$ 740,590	\$ 740,590
Special Assessments	7,567	0	7,567
All Other Revenue	6,391	0	6,391
Total Revenue	<u>13,958</u>	<u>740,590</u>	<u>754,548</u>
Expenditures:			
Current:			
General Government	0	258,613	258,613
Debt Service:			
Principal Retirement	570,000	324,321	894,321
Interest and Fiscal Charges	548,377	174,124	722,501
Total Expenditures	<u>1,118,377</u>	<u>757,058</u>	<u>1,875,435</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,104,419)	(16,468)	(1,120,887)
Other Financing Sources (Uses):			
Transfers In	1,334,528	25,000	1,359,528
Transfers Out	(5,858)	0	(5,858)
Total Other Financing Sources (Uses)	<u>1,328,670</u>	<u>25,000</u>	<u>1,353,670</u>
Net Change in Fund Balance	224,251	8,532	232,783
Fund Balance at Beginning of Year	<u>166,935</u>	<u>618,610</u>	<u>785,545</u>
Fund Balance End of Year	<u>\$ 391,186</u>	<u>\$ 627,142</u>	<u>\$ 1,018,328</u>

CITY OF NEWARK, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2012**

	<u>LPA Projects</u>	<u>Court Capital Improvement</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets:			
Pooled Cash and Investments	\$ 0	\$ 373,400	\$ 373,400
Receivables:			
Accounts	<u>0</u>	<u>1,489</u>	<u>1,489</u>
Total Assets	<u>\$ 0</u>	<u>\$ 374,889</u>	<u>\$ 374,889</u>
Liabilities:			
Interfund Loans Payable	<u>\$ 11,088</u>	<u>\$ 0</u>	<u>\$ 11,088</u>
Total Liabilities	<u>11,088</u>	<u>0</u>	<u>11,088</u>
Fund Balance:			
Restricted	0	374,889	374,889
Unassigned	<u>(11,088)</u>	<u>0</u>	<u>(11,088)</u>
Total Fund Balance	<u>(11,088)</u>	<u>374,889</u>	<u>363,801</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 374,889</u>	<u>\$ 374,889</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, 2012**

	<u>LPA Projects</u>	<u>Court Capital Improvement</u>	<u>Total Nonmajor Capital Project Funds</u>
Revenues:			
Fines and Forfeitures	\$ 0	\$ 26,235	\$ 26,235
Total Revenue	<u>0</u>	<u>26,235</u>	<u>26,235</u>
Expenditures:			
Capital Outlay	383,088	13,071	396,159
Total Expenditures	<u>383,088</u>	<u>13,071</u>	<u>396,159</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(383,088)	13,164	(369,924)
Other Financing Sources (Uses):			
Loan Issuance	738,339	0	738,339
Total Other Financing Sources (Uses)	<u>738,339</u>	<u>0</u>	<u>738,339</u>
Net Change in Fund Balance	355,251	13,164	368,415
Fund Balance at Beginning of Year	<u>(366,339)</u>	<u>361,725</u>	<u>(4,614)</u>
Fund Balance End of Year	<u>\$ (11,088)</u>	<u>\$ 374,889</u>	<u>\$ 363,801</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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 21,647,952	\$ 22,655,038	\$ 22,419,779	\$ (235,259)
Intergovernmental Revenues	2,743,164	2,775,631	2,465,908	(309,723)
Charges for Services	1,873,290	1,885,790	2,050,185	164,395
Licenses, Permits and Fees	40,350	40,350	65,448	25,098
Investment Earnings	126,220	126,220	92,349	(33,871)
Fines and Forfeitures	1,472,750	1,495,521	1,572,055	76,534
All Other Revenue	227,575	261,210	284,363	23,153
Total Revenues	28,131,301	29,239,760	28,950,087	(289,673)
Expenditures:				
Security of Persons and Property:				
Impound Lot:				
Materials and Supplies	200	800	600	200
Contractual Services	21,200	45,600	44,290	1,310
Total Impound Lot	21,400	46,400	44,890	1,510
Police:				
Personal Services	7,652,441	7,717,693	7,588,629	129,064
Materials and Supplies	224,500	237,511	230,558	6,953
Contractual Services	461,725	506,165	486,627	19,538
Other Expenditures	1,250	1,250	267	983
Capital Outlay	12,500	15,130	14,230	900
Total Police	8,352,416	8,477,749	8,320,311	157,438
Fire:				
Personal Services	7,502,912	7,500,694	7,218,632	282,062
Materials and Supplies	209,340	265,543	255,620	9,923
Contractual Services	689,950	740,342	719,636	20,706
Other Expenditures	1,000	934	0	934
Capital Outlay	2,000	6,254	4,792	1,462
Total Fire	8,405,202	8,513,767	8,198,680	315,087
Total Security of Persons and Property	16,779,018	17,037,916	16,563,881	474,035

(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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Leisure Time Activities:				
Parks and Cemetery:				
Personal Services	414,445	405,150	383,209	21,941
Materials and Supplies	49,250	58,256	57,510	746
Contractual Services	84,100	165,278	124,450	40,828
Other Expenditures	500	435	378	57
Total Parks and Cemetery	548,295	629,119	565,547	63,572
Hollander Pool:				
Contractual Services	50,000	50,345	50,297	48
Total Hollander Pool	50,000	50,345	50,297	48
Babe Ruth Baseball:				
Materials and Supplies	0	3,000	3,000	0
Contractual Services	26,000	23,000	22,984	16
Total Babe Ruth Baseball	26,000	26,000	25,984	16
Total Leisure Time Activities	624,295	705,464	641,828	63,636
Community Environment:				
Code Administration:				
Personal Services	128,057	128,744	123,730	5,014
Materials and Supplies	2,800	3,117	2,167	950
Contractual Services	58,898	118,999	83,769	35,230
Other Expenditures	500	700	168	532
Capital Outlay	200	200	100	100
Total Code Administration	190,455	251,760	209,934	41,826
Total Community Environment	190,455	251,760	209,934	41,826
General Government:				
City Council:				
Personal Services	99,512	100,159	99,692	467
Total City Council	99,512	100,159	99,692	467
Clerk of Council:				
Personal Services	60,194	94,314	90,345	3,969
Materials and Supplies	1,000	1,032	232	800
Contractual Services	18,600	19,198	12,163	7,035
Other Expenditures	0	899	400	499
Total Clerk of Council	79,794	115,443	103,140	12,303

(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, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Mayor:				
Personal Services	172,158	173,463	168,418	5,045
Materials and Supplies	1,250	250	250	0
Contractual Services	375	10,375	10,225	150
Capital Outlay	1,000	2,000	2,000	0
Total Mayor	174,783	186,088	180,893	5,195
Auditor:				
Personal Services	378,804	388,945	388,620	325
Materials and Supplies	5,300	6,704	6,704	0
Contractual Services	156,190	182,801	151,792	31,009
Other Expenditures	0	84	84	0
Capital Outlay	1,000	3,321	3,321	0
Total Auditor	541,294	581,855	550,521	31,334
Treasurer:				
Personal Services	133,395	115,428	91,714	23,714
Materials and Supplies	2,000	2,000	2,000	0
Contractual Services	15,100	16,017	15,617	400
Capital Outlay	200	200	162	38
Total Treasurer	150,695	133,645	109,493	24,152
Law Director:				
Personal Services	785,441	799,002	790,107	8,895
Materials and Supplies	5,000	8,000	3,500	4,500
Contractual Services	24,100	21,657	16,821	4,836
Total Law Director	814,541	828,659	810,428	18,231
Clerk of Courts:				
Personal Services	1,006,860	1,056,412	1,041,295	15,117
Materials and Supplies	25,000	18,508	17,842	666
Contractual Services	84,910	88,351	81,153	7,198
Other Expenditures	300	4,961	4,686	275
Total Clerk of Courts	1,117,070	1,168,232	1,144,976	23,256
Civil Service:				
Personal Services	0	250	249	1
Materials and Supplies	75	44	0	44
Contractual Services	46,200	54,896	49,386	5,510
Total Civil Service	46,275	55,190	49,635	5,555

(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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Workers Compensation:				
Personal Services	0	53,336	47,897	5,439
Total Workers Compensation	0	53,336	47,897	5,439
Judiciary:				
Personal Services	654,141	674,914	674,556	358
Materials and Supplies	13,600	16,982	15,645	1,337
Contractual Services	46,350	53,116	53,116	0
Total Judiciary	714,091	745,012	743,317	1,695
Personnel:				
Personal Services	142,064	178,887	178,755	132
Materials and Supplies	1,500	1,621	1,476	145
Contractual Services	24,300	65,525	64,761	764
Capital Outlay	2,000	2,100	2,100	0
Total Personnel	169,864	248,133	247,092	1,041
Adult Probation:				
Personal Services	599,930	606,421	594,666	11,755
Materials and Supplies	12,000	13,878	12,943	935
Contractual Services	30,100	29,719	29,298	421
Capital Outlay	1,000	1,638	638	1,000
Total Adult Probation	643,030	651,656	637,545	14,111
Service Department:				
Personal Services	193,934	212,733	212,670	63
Materials and Supplies	12,500	13,029	13,029	0
Contractual Services	2,124,050	2,378,177	2,375,559	2,618
Other Expenditures	0	55,002	55,002	0
Capital Outlay	172,849	233,824	233,824	0
Total Service Department	2,503,333	2,892,765	2,890,084	2,681
Engineer Department:				
Personal Services	523,344	524,531	514,374	10,157
Materials and Supplies	8,100	8,400	7,663	737
Contractual Services	38,050	45,791	42,072	3,719
Capital Outlay	2,000	9,000	5,290	3,710
Total Engineer Department	571,494	587,722	569,399	18,323

(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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Custodial:				
Personal Services	158,242	159,133	158,939	194
Materials and Supplies	8,500	4,696	4,696	0
Contractual Services	47,000	60,111	60,111	0
Total Custodial	213,742	223,940	223,746	194
Income Tax:				
Personal Services	746,246	746,246	704,271	41,975
Materials and Supplies	20,000	21,594	12,706	8,888
Contractual Services	134,417	172,209	131,750	40,459
Other Expenditures	400,000	400,000	399,990	10
Capital Outlay	15,000	20,130	13,752	6,378
Total Income Tax	1,315,663	1,360,179	1,262,469	97,710
Safety Director:				
Personal Services	160,379	163,321	162,752	569
Materials and Supplies	1,500	1,000	1,000	0
Contractual Services	71,385	97,637	97,120	517
Other Expenditures	7,000	15,450	13,009	2,441
Total Safety Director	240,264	277,408	273,881	3,527
Total General Government	9,395,445	10,209,422	9,944,208	265,214
Total Expenditures	26,989,213	28,204,562	27,359,851	844,711
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	1,142,088	1,035,198	1,590,236	555,038
Other Financing Sources (Uses):				
Sale of Capital Assets	30,000	30,000	42,975	12,975
Transfers In	18,606,960	20,102,532	20,077,881	(24,651)
Transfers Out	(20,527,942)	(21,856,802)	(21,844,863)	11,939
Advances In	0	564,310	564,310	0
Advances Out	0	(905,493)	(905,493)	0
Total Other Financing Sources (Uses)	(1,890,982)	(2,065,453)	(2,065,190)	263
Net Change in Fund Balance	(748,894)	(1,030,255)	(474,954)	555,301
Fund Balance at Beginning of Year	1,983,919	1,983,919	1,983,919	0
Prior Year Encumbrances	539,623	539,623	539,623	0
Fund Balance at End of Year	\$ 1,774,648	\$ 1,493,287	\$ 2,048,588	\$ 555,301

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, 2012**

COMMUNITY DEVELOPMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 4,470,000	\$ 4,537,087	\$ 2,141,287	\$ (2,395,800)
Investment Earnings	200	200	189	(11)
All Other Revenue	277,593	277,593	216,385	(61,208)
Total Revenues	<u>4,747,793</u>	<u>4,814,880</u>	<u>2,357,861</u>	<u>(2,457,019)</u>
Expenditures:				
Community Environment:				
Personal Services	882,837	1,109,826	737,326	372,500
Materials and Supplies	10,300	14,790	7,999	6,791
Contractual Services	3,202,933	3,148,332	1,999,368	1,148,964
Other Expenditures	50,000	96,196	89,603	6,593
Capital Outlay	500	500	0	500
Total Expenditures	<u>4,146,570</u>	<u>4,369,644</u>	<u>2,834,296</u>	<u>1,535,348</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	601,223	445,236	(476,435)	(921,671)
Other Financing Sources (Uses):				
Transfers In	0	0	6,200	6,200
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>6,200</u>	<u>6,200</u>
Net Change in Fund Balance	601,223	445,236	(470,235)	(915,471)
Fund Balance at Beginning of Year	(135,951)	(135,951)	(135,951)	0
Prior Year Encumbrances	462,148	462,148	462,148	0
Fund Balance at End of Year	<u>\$ 927,420</u>	<u>\$ 771,433</u>	<u>\$ (144,038)</u>	<u>\$ (915,471)</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, 2012***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 922,542	\$ 290,794	\$ (631,748)
Investment Earnings	70	7,726	7,656
All Other Revenue	0	111	111
Total Revenues	922,612	298,631	(623,981)
Expenditures:			
Capital Outlay	4,143,480	4,100,927	42,553
Total Expenditures	4,143,480	4,100,927	42,553
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,220,868)	(3,802,296)	(581,428)
Other Financing Sources (Uses):			
Note Issuance	2,200,000	2,200,000	0
Transfers In	1,262,429	1,261,450	(979)
Total Other Financing Sources (Uses)	3,462,429	3,461,450	(979)
Net Change in Fund Balance	241,561	(340,846)	(582,407)
Fund Balance at Beginning of Year	906,185	906,185	0
Prior Year Encumbrances	1,076,114	1,076,114	0
Fund Balance at End of Year	\$ 2,223,860	\$ 1,641,453	\$ (582,407)

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, 2012***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STREET DEPARTMENT FUND			
Revenues:			
Intergovernmental Revenues	\$ 1,900,000	\$ 1,757,896	\$ (142,104)
All Other Revenue	74,571	53,136	(21,435)
Total Revenues	<u>1,974,571</u>	<u>1,811,032</u>	<u>(163,539)</u>
Expenditures:			
Transportation:			
Personal Services	1,756,780	1,711,758	45,022
Materials and Supplies	604,012	537,891	66,121
Contractual Services	558,287	512,598	45,689
Other Expenditures	350	350	0
Capital Outlay	7,100	4,300	2,800
Total Expenditures	<u>2,926,529</u>	<u>2,766,897</u>	<u>159,632</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(951,958)	(955,865)	(3,907)
Other Financing Sources (Uses):			
Transfers In	619,405	689,195	69,790
Total Other Financing Sources (Uses)	<u>619,405</u>	<u>689,195</u>	<u>69,790</u>
Net Change in Fund Balance	(332,553)	(266,670)	65,883
Fund Balance at Beginning of Year	6,693	6,693	0
Prior Year Encumbrances	375,479	375,479	0
Fund Balance at End of Year	<u>\$ 49,619</u>	<u>\$ 115,502</u>	<u>\$ 65,883</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, 2012***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
CEMETERY FUND			
Revenues:			
Charges for Services	\$ 3,500	\$ 2,199	\$ (1,301)
Investment Earnings	240	221	(19)
Total Revenues	<u>3,740</u>	<u>2,420</u>	<u>(1,320)</u>
Expenditures:			
Public Health and Welfare Services:			
Personal Services	11,550	11,550	0
Materials and Supplies	19,000	14,021	4,979
Contractual Services	12,510	10,199	2,311
Other Expenditures	<u>1,190</u>	<u>1,190</u>	<u>0</u>
Total Expenditures	<u>44,250</u>	<u>36,960</u>	<u>7,290</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,510)	(34,540)	5,970
Other Financing Sources (Uses):			
Transfers Out	<u>(75,664)</u>	<u>(75,664)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(75,664)</u>	<u>(75,664)</u>	<u>0</u>
Net Change in Fund Balance	(116,174)	(110,204)	5,970
Fund Balance at Beginning of Year	946,931	946,931	0
Prior Year Encumbrances	<u>10</u>	<u>10</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 830,767</u>	<u>\$ 836,737</u>	<u>\$ 5,970</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, 2012***

SPECIAL IMPROVEMENT DISTRICT FUND

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Special Assessments	\$ 6,000	\$ 136	\$ (5,864)
Total Revenues	<u>6,000</u>	<u>136</u>	<u>(5,864)</u>
Expenditures:			
Community Environment:			
Contractual Services	175	11	164
Other Expenditures	<u>5,825</u>	<u>0</u>	<u>5,825</u>
Total Expenditures	<u>6,000</u>	<u>11</u>	<u>5,989</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	125	125
Fund Balance at Beginning of Year	1,705	1,705	0
Prior Year Encumbrances	<u>3,323</u>	<u>3,323</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,028</u>	<u>\$ 5,153</u>	<u>\$ 125</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, 2012***

VETERANS MEMORIAL SIDEWALK FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 568	\$ 579	\$ 11
All Other Revenue	<u>4,000</u>	<u>1,550</u>	<u>(2,450)</u>
Total Revenues	<u>4,568</u>	<u>2,129</u>	<u>(2,439)</u>
Expenditures:			
General Government:			
Contractual Services	<u>10,100</u>	<u>5,490</u>	<u>4,610</u>
Total Expenditures	<u>10,100</u>	<u>5,490</u>	<u>4,610</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,532)	(3,361)	2,171
Fund Balance at Beginning of Year	<u>90,890</u>	<u>90,890</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 85,358</u>	<u>\$ 87,529</u>	<u>\$ 2,171</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, 2012**

ARRA/HERA FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 1,060,000	\$ 513,120	\$ (546,880)
Total Revenues	<u>1,060,000</u>	<u>513,120</u>	<u>(546,880)</u>
Expenditures:			
Community Environment:			
Neighborhood Stabilization Program:			
Personal Services	16,073	14,759	1,314
Contractual Services	331,484	49,625	281,859
Capital Outlay	480,724	480,224	500
Total Neighborhood Stabilization Program	<u>828,281</u>	<u>544,608</u>	<u>283,673</u>
Total Community Environment	<u>828,281</u>	<u>544,608</u>	<u>283,673</u>
Transportation:			
Federal Transit Authority:			
Contractual Services	8,776	0	8,776
Total Transportation	<u>8,776</u>	<u>0</u>	<u>8,776</u>
Total Expenditures	<u>837,057</u>	<u>544,608</u>	<u>292,449</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	222,943	(31,488)	(254,431)
Other Financing Sources (Uses):			
Advances In	103,625	103,625	0
Advances Out	(95,077)	(95,077)	0
Total Other Financing Sources (Uses)	<u>8,548</u>	<u>8,548</u>	<u>0</u>
Net Change in Fund Balance	231,491	(22,940)	(254,431)
Fund Balance at Beginning of Year	(28,220)	(28,220)	0
Prior Year Encumbrances	28,220	28,220	0
Fund Balance at End of Year	<u>\$ 231,491</u>	<u>\$ (22,940)</u>	<u>\$ (254,431)</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, 2012***

SAFETY GRANTS FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 1,217,190	\$ 690,424	\$ (526,766)
Investment Earnings	0	4	4
Total Revenues	<u>1,217,190</u>	<u>690,428</u>	<u>(526,762)</u>
Expenditures:			
Security of Persons and Property:			
Personal Services	444,385	270,660	173,725
Materials and Supplies	373,859	373,859	0
Contractual Services	476,314	474,314	2,000
Capital Outlay	6,000	6,000	0
Total Expenditures	<u>1,300,558</u>	<u>1,124,833</u>	<u>175,725</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(83,368)	(434,405)	(351,037)
Other Financing Sources (Uses):			
Transfers In	136,670	136,670	0
Advances In	82,363	82,363	0
Advances Out	(10,338)	(10,338)	0
Total Other Financing Sources (Uses)	<u>208,695</u>	<u>208,695</u>	<u>0</u>
Net Change in Fund Balance	125,327	(225,710)	(351,037)
Fund Balance at Beginning of Year	(263,931)	(263,931)	0
Prior Year Encumbrances	263,931	263,931	0
Fund Balance at End of Year	<u>\$ 125,327</u>	<u>\$ (225,710)</u>	<u>\$ (351,037)</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, 2012***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 482,518	\$ 400,476	\$ (82,042)
Intergovernmental Revenues	22,554	78,173	55,619
Total Revenues	<u>505,072</u>	<u>478,649</u>	<u>(26,423)</u>
Expenditures:			
Security of Persons and Property:			
Personal Services	495,492	472,272	23,220
Contractual Services	8,050	6,410	1,640
Total Expenditures	<u>503,542</u>	<u>478,682</u>	<u>24,860</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,530	(33)	(1,563)
Fund Balance at Beginning of Year	<u>33</u>	<u>33</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,563</u>	<u>\$ 0</u>	<u>\$ (1,563)</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, 2012***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STATE HIGHWAY FUND			
Revenues:			
Intergovernmental Revenues	\$ 155,000	\$ 142,532	\$ (12,468)
Total Revenues	<u>155,000</u>	<u>142,532</u>	<u>(12,468)</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	155,000	142,532	(12,468)
Other Financing Sources (Uses):			
Transfers Out	<u>(155,000)</u>	<u>(142,532)</u>	<u>12,468</u>
Total Other Financing Sources (Uses)	<u>(155,000)</u>	<u>(142,532)</u>	<u>12,468</u>
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2012***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
LAW ENFORCEMENT FUND			
Revenues:			
Intergovernmental Revenues	\$ 14,000	\$ 47,620	\$ 33,620
Fines and Forfeitures	68,500	84,903	16,403
Total Revenues	82,500	132,523	50,023
Expenditures:			
Security of Persons and Property:			
Contractual Services	223,237	191,686	31,551
Total Expenditures	223,237	191,686	31,551
Excess (Deficiency) of Revenues Over (Under) Expenditures	(140,737)	(59,163)	81,574
Fund Balance at Beginning of Year	160,138	160,138	0
Prior Year Encumbrances	3,237	3,237	0
Fund Balance at End of Year	\$ 22,638	\$ 104,212	\$ 81,574

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, 2012**

LANDFILL RECLAMATION FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 0	\$ 620	\$ 620
Total Revenues	0	620	620
Expenditures:			
General Government:			
Contractual Services	75,818	75,818	0
Capital Outlay	519,435	519,435	0
Total Expenditures	595,253	595,253	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(595,253)	(594,633)	620
Fund Balance at Beginning of Year	704	704	0
Prior Year Encumbrances	595,253	595,253	0
Fund Balance at End of Year	\$ 704	\$ 1,324	\$ 620

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, 2012***

COURT COMPUTERIZATION FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 208,500	\$ 228,339	\$ 19,839
Total Revenues	<u>208,500</u>	<u>228,339</u>	<u>19,839</u>
Expenditures:			
General Government:			
Personal Services	83,283	75,982	7,301
Materials and Supplies	19,221	6,116	13,105
Contractual Services	108,300	43,762	64,538
Capital Outlay	<u>44,968</u>	<u>33,165</u>	<u>11,803</u>
Total Expenditures	<u>255,772</u>	<u>159,025</u>	<u>96,747</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(47,272)	69,314	116,586
Fund Balance at Beginning of Year	175,461	175,461	0
Prior Year Encumbrances	<u>28,599</u>	<u>28,599</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 156,788</u>	<u>\$ 273,374</u>	<u>\$ 116,586</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, 2012***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
PERMISSIVE LICENSE TAX FUND			
Revenues:			
Intergovernmental Revenues	\$ 1,300,000	\$ 1,336,564	\$ 36,564
All Other Revenue	0	11,330	11,330
Total Revenues	<u>1,300,000</u>	<u>1,347,894</u>	<u>47,894</u>
Expenditures:			
Transportation:			
Contractual Services	<u>1,609,640</u>	<u>1,519,654</u>	<u>89,986</u>
Total Expenditures	<u>1,609,640</u>	<u>1,519,654</u>	<u>89,986</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(309,640)	(171,760)	137,880
Fund Balance at Beginning of Year	379,900	379,900	0
Prior Year Encumbrances	<u>109,688</u>	<u>109,688</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 179,948</u>	<u>\$ 317,828</u>	<u>\$ 137,880</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, 2012***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
PROBATION GRANT FUND			
Revenues:			
Intergovernmental Revenues	\$ 417,623	\$ 352,291	\$ (65,332)
All Other Revenue	1,400	1,400	0
Total Revenues	<u>419,023</u>	<u>353,691</u>	<u>(65,332)</u>
Expenditures:			
Security of Persons and Property:			
Personal Services	248,668	199,931	48,737
Materials and Supplies	54,193	44,033	10,160
Contractual Services	135,370	96,591	38,779
Other Expenditures	14,689	0	14,689
Capital Outlay	5,080	4,991	89
Total Expenditures	<u>458,000</u>	<u>345,546</u>	<u>112,454</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(38,977)	8,145	47,122
Other Financing Sources (Uses):			
Transfers In	15,500	15,350	(150)
Total Other Financing Sources (Uses)	<u>15,500</u>	<u>15,350</u>	<u>(150)</u>
Net Change in Fund Balance	(23,477)	23,495	46,972
Fund Balance at Beginning of Year	42,383	42,383	0
Prior Year Encumbrances	6,544	6,544	0
Fund Balance at End of Year	<u>\$ 25,450</u>	<u>\$ 72,422</u>	<u>\$ 46,972</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, 2012***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
FEDERAL TRANSIT ADMINISTRATION FUND			
Revenues:			
Intergovernmental Revenues	\$ 2,959,918	\$ 865,547	\$ (2,094,371)
Charges for Services	150,000	108,525	(41,475)
All Other Revenue	0	400	400
Total Revenues	<u>3,109,918</u>	<u>974,472</u>	<u>(2,135,446)</u>
Expenditures:			
Transportation:			
Personal Services	114,254	96,825	17,429
Materials and Supplies	103,800	100,205	3,595
Contractual Services	1,593,349	841,866	751,483
Capital Outlay	751,055	0	751,055
Total Expenditures	<u>2,562,458</u>	<u>1,038,896</u>	<u>1,523,562</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	547,460	(64,424)	(611,884)
Other Financing Sources (Uses):			
Transfers In	10,975	10,975	0
Advances In	124,435	124,435	0
Advances Out	(172,986)	(172,986)	0
Total Other Financing Sources (Uses)	<u>(37,576)</u>	<u>(37,576)</u>	<u>0</u>
Net Change in Fund Balance	509,884	(102,000)	(611,884)
Fund Balance at Beginning of Year	(655,212)	(655,212)	0
Prior Year Encumbrances	655,212	655,212	0
Fund Balance at End of Year	<u>\$ 509,884</u>	<u>\$ (102,000)</u>	<u>\$ (611,884)</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, 2012**

ODNR GRANTS FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 141,940	\$ 127,212	\$ (14,728)
Total Revenues	<u>141,940</u>	<u>127,212</u>	<u>(14,728)</u>
Expenditures:			
Community Environment:			
Materials and Supplies	1,000	1,000	0
Contractual Services	11,047	1,728	9,319
Total Expenditures	<u>12,047</u>	<u>2,728</u>	<u>9,319</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	129,893	124,484	(5,409)
Other Financing Sources (Uses):			
Advances In	4,829	4,829	0
Advances Out	(129,313)	(129,313)	0
Total Other Financing Sources (Uses)	<u>(124,484)</u>	<u>(124,484)</u>	<u>0</u>
Net Change in Fund Balance	5,409	0	(5,409)
Fund Balance at Beginning of Year	(2,308)	(2,308)	0
Prior Year Encumbrances	2,308	2,308	0
Fund Balance at End of Year	<u>\$ 5,409</u>	<u>\$ 0</u>	<u>\$ (5,409)</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, 2012***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BROWNFIELD CLEANUP FUND			
Revenues:			
Intergovernmental Revenues	\$ 2,104,090	\$ 1,625,288	\$ (478,802)
Total Revenues	<u>2,104,090</u>	<u>1,625,288</u>	<u>(478,802)</u>
Expenditures:			
Public Health and Welfare Services:			
Contractual Services	<u>1,933,404</u>	<u>1,755,301</u>	<u>178,103</u>
Total Expenditures	<u>1,933,404</u>	<u>1,755,301</u>	<u>178,103</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	170,686	(130,013)	(300,699)
Other Financing Sources (Uses):			
Advances In	234,990	234,990	0
Advances Out	<u>(156,596)</u>	<u>(156,596)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>78,394</u>	<u>78,394</u>	<u>0</u>
Net Change in Fund Balance	249,080	(51,619)	(300,699)
Fund Balance at Beginning of Year	(1,085,300)	(1,085,300)	0
Prior Year Encumbrances	<u>1,085,300</u>	<u>1,085,300</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 249,080</u>	<u>\$ (51,619)</u>	<u>\$ (300,699)</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, 2012***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
JUDICIAL FUND			
Revenues:			
Fines and Forfeitures	\$ 157,000	\$ 182,813	\$ 25,813
Total Revenues	<u>157,000</u>	<u>182,813</u>	<u>25,813</u>
Expenditures:			
General Government:			
Materials and Supplies	1,000	1,000	0
Contractual Services	30,589	11,459	19,130
Capital Outlay	<u>18,700</u>	<u>16,398</u>	<u>2,302</u>
Total Expenditures	<u>50,289</u>	<u>28,857</u>	<u>21,432</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	106,711	153,956	47,245
Fund Balance at Beginning of Year	795,539	795,539	0
Prior Year Encumbrances	<u>3,945</u>	<u>3,945</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 906,195</u>	<u>\$ 953,440</u>	<u>\$ 47,245</u>

CITY OF NEWARK, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DEBT SERVICE FUND			
Revenues:			
Special Assessments	\$ 6,868	\$ 7,567	\$ 699
All Other Revenue	0	6,391	6,391
Total Revenues	<u>6,868</u>	<u>13,958</u>	<u>7,090</u>
Expenditures:			
Debt Service:			
Principal Retirement	575,128	575,128	0
Interest and Fiscal Charges	<u>549,656</u>	<u>549,107</u>	<u>549</u>
Total Expenditures	<u>1,124,784</u>	<u>1,124,235</u>	<u>549</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,117,916)	(1,110,277)	7,639
Other Financing Sources (Uses):			
Transfers In	<u>1,334,528</u>	<u>1,334,528</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>1,334,528</u>	<u>1,334,528</u>	<u>0</u>
Net Change in Fund Balance	216,612	224,251	7,639
Fund Balance at Beginning of Year	<u>166,935</u>	<u>166,935</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 383,547</u>	<u>\$ 391,186</u>	<u>\$ 7,639</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2012***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
TAX INCREMENT FINANCING FUND			
Revenues:			
Taxes	\$ 658,594	\$ 740,590	\$ 81,996
All Other Revenue	100,000	0	(100,000)
Total Revenues	<u>758,594</u>	<u>740,590</u>	<u>(18,004)</u>
Expenditures:			
General Government:			
Contractual Services	35,160	33,483	1,677
Other Expenditures	280,000	280,000	0
Debt Service:			
Principal Retirement	324,321	324,321	0
Interest and Fiscal Charges	174,124	174,124	0
Total Expenditures	<u>813,605</u>	<u>811,928</u>	<u>1,677</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(55,011)	(71,338)	(16,327)
Other Financing Sources (Uses):			
Transfers In	25,000	25,000	0
Total Other Financing Sources (Uses)	<u>25,000</u>	<u>25,000</u>	<u>0</u>
Net Change in Fund Balance	(30,011)	(46,338)	(16,327)
Fund Balance at Beginning of Year	<u>618,610</u>	<u>618,610</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 588,599</u>	<u>\$ 572,272</u>	<u>\$ (16,327)</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, 2012***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Capital Outlay	427,343	427,342	1
Total Expenditures	427,343	427,342	1
Excess (Deficiency) of Revenues Over (Under) Expenditures	(427,343)	(427,342)	1
Other Financing Sources (Uses):			
Loan Proceeds	1,209,848	738,339	(471,509)
Advances Out	(363,000)	(355,251)	7,749
Total Other Financing Sources (Uses)	846,848	383,088	(463,760)
Net Change in Fund Balance	419,505	(44,254)	(463,759)
Fund Balance at Beginning of Year	(458,504)	(458,504)	0
Prior Year Encumbrances	458,504	458,504	0
Fund Balance at End of Year	\$ 419,505	\$ (44,254)	\$ (463,759)

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, 2012***

COURT CAPITAL IMPROVEMENT FUND

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 25,500	\$ 26,676	\$ 1,176
Total Revenues	<u>25,500</u>	<u>26,676</u>	<u>1,176</u>
Expenditures:			
Capital Outlay	<u>55,826</u>	<u>18,458</u>	<u>37,368</u>
Total Expenditures	<u>55,826</u>	<u>18,458</u>	<u>37,368</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,326)	8,218	38,544
Fund Balance at Beginning of Year	359,182	359,182	0
Prior Year Encumbrances	<u>6,000</u>	<u>6,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 334,856</u>	<u>\$ 373,400</u>	<u>\$ 38,544</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.

Joint Economic Development Zone Fund

To account for monies generated by the Etna Corporate Park Economic Development Zone and distributed to the appropriate local governments.

CITY OF NEWARK, OHIO

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2012**

	Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012
<u>Municipal Court Fund</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$446,178	\$5,547,870	(\$5,583,372)	\$410,676
Total Assets	\$446,178	\$5,547,870	(\$5,583,372)	\$410,676
Liabilities:				
Intergovernmental Payable	\$225,209	\$3,007,900	(\$3,035,255)	\$197,854
Due to Others	220,969	2,539,970	(2,548,117)	212,822
Total Liabilities	\$446,178	\$5,547,870	(\$5,583,372)	\$410,676
<u>Fire Code Fund</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$3,210	\$35,166	(\$22,207)	\$16,169
Total Assets	\$3,210	\$35,166	(\$22,207)	\$16,169
Liabilities:				
Due to Others	\$3,210	\$35,166	(\$22,207)	\$16,169
Total Liabilities	\$3,210	\$35,166	(\$22,207)	\$16,169
<u>Law Library Fund</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$10,271	\$70,821	(\$70,821)	\$10,271
Total Assets	\$10,271	\$70,821	(\$70,821)	\$10,271
Liabilities:				
Due to Others	\$10,271	\$70,821	(\$70,821)	\$10,271
Total Liabilities	\$10,271	\$70,821	(\$70,821)	\$10,271
<u>Joint Economic Development Zone Fund</u>				
Receivables:				
Taxes	\$5,664	\$14,172	(\$5,664)	\$14,172
Restricted Assets:				
Cash and Cash Equivalents	282,438	321,276	(246,197)	357,517
Total Assets	\$288,102	\$335,448	(\$251,861)	\$371,689
Liabilities:				
Intergovernmental Payable	\$288,102	\$335,448	(\$251,861)	\$371,689
Total Liabilities	\$288,102	\$335,448	(\$251,861)	\$371,689

CITY OF NEWARK, OHIO

	Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012
<u>Totals - All Agency Funds</u>				
Receivables:				
Taxes	\$5,664	\$14,172	(\$5,664)	\$14,172
Restricted Assets:				
Cash and Cash Equivalents	742,097	5,975,133	(5,922,597)	794,633
Total Assets	<u>\$747,761</u>	<u>\$5,989,305</u>	<u>(\$5,928,261)</u>	<u>\$808,805</u>
Liabilities:				
Intergovernmental Payable	\$513,311	\$3,343,348	(\$3,287,116)	\$569,543
Due to Others	234,450	2,645,957	(2,641,145)	239,262
Total Liabilities	<u>\$747,761</u>	<u>\$5,989,305</u>	<u>(\$5,928,261)</u>	<u>\$808,805</u>

STATISTICAL SECTION



***S* STATISTICAL *T*ABLES**

This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

Contents

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
Revenue Capacity	S 14 – S 17
These schedules contain information to help the reader understand and assess the factors affecting the City’s ability to generate its most significant local revenue sources, the income tax.	
Debt Capacity	S 18 – S 27
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Economic and Demographic Information	S 28 – S 31
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
Operating Information	S 32 – S 37
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	
Sources Note:	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	

City of Newark

*Net Position by Component
Last Ten Years
(accrual basis of accounting)*

	2003	2004	2005	2006
Governmental Activities:				
Net Investment in Capital Assets	\$6,807,464	\$37,431,082	\$41,575,185	\$41,597,859
Restricted	19,007,739	9,738,644	8,985,105	10,001,298
Unrestricted (Deficit)	(5,589,301)	6,235,271	3,917,313	7,065,973
Total Governmental Activities Net Position	<u>\$20,225,902</u>	<u>\$53,404,997</u>	<u>\$54,477,603</u>	<u>\$58,665,130</u>
Business-type Activities:				
Net Investment in Capital Assets	\$17,091,247	\$16,562,270	\$16,658,851	\$16,901,941
Unrestricted	8,713,277	7,793,616	7,622,732	7,692,238
Total Business-type Activities Net Position	<u>\$25,804,524</u>	<u>\$24,355,886</u>	<u>\$24,281,583</u>	<u>\$24,594,179</u>
Primary Government:				
Net Investment in Capital Assets	\$23,898,711	\$53,993,352	\$58,234,036	\$58,499,800
Restricted	19,007,739	9,738,644	8,985,105	10,001,298
Unrestricted	3,123,976	14,028,887	11,540,045	14,758,211
Total Primary Government Net Position	<u>\$46,030,426</u>	<u>\$77,760,883</u>	<u>\$78,759,186</u>	<u>\$83,259,309</u>

Source: City Auditor's Office

City of Newark

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$42,336,454	\$40,441,667	\$41,316,426	\$40,274,220	\$42,258,279	\$42,970,107
10,651,987	11,110,542	10,280,743	11,967,071	14,149,111	13,070,091
8,161,990	6,404,496	5,535,025	1,469,212	2,265,579	2,407,288
<u>\$61,150,431</u>	<u>\$57,956,705</u>	<u>\$57,132,194</u>	<u>\$53,710,503</u>	<u>\$58,672,969</u>	<u>\$58,447,486</u>
\$17,699,290	\$16,956,742	\$22,335,180	\$21,621,744	\$20,600,700	\$22,105,075
7,143,040	3,965,856	1,819,773	4,271,539	6,514,026	5,214,754
<u>\$24,842,330</u>	<u>\$20,922,598</u>	<u>\$24,154,953</u>	<u>\$25,893,283</u>	<u>\$27,114,726</u>	<u>\$27,319,829</u>
\$60,035,744	\$57,398,409	\$63,651,606	\$61,895,964	\$62,858,979	\$65,075,182
10,651,987	11,110,542	10,280,743	11,967,071	14,149,111	13,070,091
15,305,030	10,370,352	7,354,798	5,740,751	8,779,605	7,622,042
<u>\$85,992,761</u>	<u>\$78,879,303</u>	<u>\$81,287,147</u>	<u>\$79,603,786</u>	<u>\$85,787,695</u>	<u>\$85,767,315</u>

City of Newark

Changes in Net Position Last Ten Years (accrual basis of accounting)

	2003	2004	2005	2006
Expenses				
Governmental Activities:				
Security of Persons and Property	\$17,393,870	\$17,852,605	\$18,253,664	\$17,480,448
Leisure Time Activities	834,761	779,879	1,967,952	765,014
Community Environment	2,774,565	3,060,056	2,852,477	3,167,222
Public Health and Welfare Services	2,680,401	2,984,327	2,889,892	2,395,607
Transportation	3,557,307	5,512,403	5,212,238	4,323,012
General Government	8,922,846	8,342,604	7,628,709	7,467,121
Interest and Fiscal Charges	371,806	769,524	745,884	973,340
<i>Total Governmental Activities Expenses</i>	<u>36,535,556</u>	<u>39,301,398</u>	<u>39,550,816</u>	<u>36,571,764</u>
Business-type Activities:				
Water	6,419,205	6,211,742	6,052,567	6,269,588
Sewer	5,029,926	5,505,242	5,064,620	5,226,934
Storm Water	0	0	548,172	574,598
<i>Total Business-type Activities Expenses</i>	<u>11,449,131</u>	<u>11,716,984</u>	<u>11,665,359</u>	<u>12,071,120</u>
<i>Total Primary Government Expenses</i>	<u>\$47,984,687</u>	<u>\$51,018,382</u>	<u>\$51,216,175</u>	<u>\$48,642,884</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$1,765,820	\$1,491,784	\$1,488,751	\$1,799,406
Leisure Time Activities	329,323	152,957	134,677	14,944
Community Environment	260,582	10,970	13,881	8,338
Public Health and Welfare Services	775,763	653,762	760,013	785,037
Transportation	367,474	387,563	346,262	737,628
General Government	1,440,995	1,573,899	1,598,486	1,605,988
Operating Grants and Contributions	4,059,634	5,355,416	7,002,350	5,054,184
Capital Grants and Contributions	3,605,567	1,462,515	1,584,213	470,643
<i>Total Governmental Activities Program Revenues</i>	<u>12,605,158</u>	<u>11,088,866</u>	<u>12,928,633</u>	<u>10,476,168</u>

City of Newark

2007	2008	2009	2010	2011	2012
\$18,150,460	\$19,619,726	\$18,993,822	\$18,825,824	\$17,438,065	\$19,288,483
524,374	560,532	669,024	575,431	560,236	658,305
2,921,535	3,059,820	2,984,886	2,666,668	1,958,987	2,221,036
2,375,792	599,601	10,329	157,745	217,140	1,770,199
5,927,546	6,060,496	6,762,557	5,686,444	5,364,963	6,457,578
9,020,333	10,396,217	10,430,285	11,671,609	10,283,567	10,860,659
900,691	800,191	760,156	787,437	757,878	799,142
<u>39,820,731</u>	<u>41,096,583</u>	<u>40,611,059</u>	<u>40,371,158</u>	<u>36,580,836</u>	<u>42,055,402</u>
7,006,340	6,650,976	6,604,911	6,120,509	6,444,744	6,670,964
5,161,535	5,291,774	5,941,006	5,238,347	5,568,346	6,660,500
323,709	614,380	989,162	2,122,819	1,920,374	1,721,062
<u>12,491,584</u>	<u>12,557,130</u>	<u>13,535,079</u>	<u>13,481,675</u>	<u>13,933,464</u>	<u>15,052,526</u>
<u>\$52,312,315</u>	<u>\$53,653,713</u>	<u>\$54,146,138</u>	<u>\$53,852,833</u>	<u>\$50,514,300</u>	<u>\$57,107,928</u>
\$2,412,289	\$3,411,136	\$3,886,667	\$3,650,730	\$3,346,407	\$3,415,217
17,489	16,428	16,031	0	0	0
59,808	55,384	45,885	44,318	62,801	68,149
749,119	190,593	202,895	73,932	138,358	245,040
408,675	411,174	142,495	108,475	89,514	109,699
1,450,658	1,011,575	1,131,397	459,996	585,758	574,438
6,773,027	4,730,482	5,488,390	5,745,895	7,222,698	9,926,907
490,142	10,000	184,019	295,531	2,892,903	290,794
<u>12,361,207</u>	<u>9,836,772</u>	<u>11,097,779</u>	<u>10,378,877</u>	<u>14,338,439</u>	<u>14,630,244</u>

(Continued)

City of Newark

Changes in Net Position Last Ten Years (accrual basis of accounting)

	2003	2004	2005
Business-type Activities:			
Charges for Services			
Water	5,661,890	5,417,300	5,553,973
Sewer	5,061,304	5,063,317	5,594,568
Storm Water	0	0	0
Operating Grants and Contributions	0	0	0
Capital Grants and Contributions	0	0	617,135
<i>Total Business-type Activities Program Revenues</i>	<u>10,723,194</u>	<u>10,480,617</u>	<u>11,765,676</u>
<i>Total Primary Government Program Revenues</i>	<u>23,328,352</u>	<u>21,569,483</u>	<u>24,694,309</u>
Net (Expense)/Revenue			
Governmental Activities	(23,930,398)	(28,212,532)	(26,622,183)
Business-type Activities	(725,937)	(1,236,367)	100,317
<i>Total Primary Government Net (Expense)/Revenue</i>	<u><u>(\$24,656,335)</u></u>	<u><u>(\$29,448,899)</u></u>	<u><u>(\$26,521,866)</u></u>
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Property Taxes Levied for:			
General Purposes	\$2,097,778	\$2,104,016	\$2,085,941
Special Purposes	394,819	395,123	409,649
Capital Purposes	349,731	424,309	437,843
Income Taxes	17,760,950	18,301,809	19,033,478
Other Local Taxes	333,667	357,786	366,456
Intergovernmental, Unrestricted	5,258,628	3,093,804	3,406,457
Investment Earnings	363,604	322,867	433,890
Miscellaneous	622,613	732,231	1,297,389
Transfers	234,050	234,050	223,686
<i>Total Governmental Activities</i>	<u>27,415,840</u>	<u>25,965,995</u>	<u>27,694,789</u>
Business-type Activities:			
Investment Earnings	13,187	21,779	49,066
Transfers	(234,050)	(234,050)	(223,686)
<i>Total Business-type Activities</i>	<u>(220,863)</u>	<u>(212,271)</u>	<u>(174,620)</u>
<i>Total Primary Government</i>	<u><u>\$27,194,977</u></u>	<u><u>\$25,753,724</u></u>	<u><u>\$27,520,169</u></u>
Change in Net Position			
Governmental Activities	\$3,485,442	(\$2,246,537)	\$1,072,606
Business-type Activities	(946,800)	(1,448,638)	(74,303)
<i>Total Primary Government Change in Net Position</i>	<u><u>\$2,538,642</u></u>	<u><u>(\$3,695,175)</u></u>	<u><u>\$998,303</u></u>

Source: City Auditor's Office

City of Newark

2006	2007	2008	2009	2010	2011	2012
6,001,796	6,034,022	5,998,709	5,850,171	6,094,605	6,027,520	6,217,554
5,965,994	5,836,149	5,880,392	5,918,464	6,563,274	6,600,685	6,742,077
512,738	1,843,164	2,168,753	2,229,720	2,513,032	2,655,588	2,728,525
0	0	0	0	0	0	0
258,709	0	0	3,691,191	750,445	0	0
<u>12,739,237</u>	<u>13,713,335</u>	<u>14,047,854</u>	<u>17,689,546</u>	<u>15,921,356</u>	<u>15,283,793</u>	<u>15,688,156</u>
<u>23,215,405</u>	<u>26,074,542</u>	<u>23,884,626</u>	<u>28,787,325</u>	<u>26,300,233</u>	<u>29,622,232</u>	<u>30,318,400</u>
(26,095,596)	(27,459,524)	(31,259,811)	(29,513,280)	(29,992,281)	(22,242,397)	(27,425,158)
668,117	1,221,751	1,490,724	4,154,467	2,439,681	1,350,329	635,630
<u>(\$25,427,479)</u>	<u>(\$26,237,773)</u>	<u>(\$29,769,087)</u>	<u>(\$25,358,813)</u>	<u>(\$27,552,600)</u>	<u>(\$20,892,068)</u>	<u>(\$26,789,528)</u>
\$2,458,710	\$2,306,500	\$2,189,609	\$2,150,345	\$2,126,951	\$2,003,214	\$2,037,865
457,463	457,534	436,568	427,084	421,153	398,173	403,724
479,445	284,487	282,935	251,214	265,668	919,482	740,590
19,802,040	20,312,181	20,899,162	18,845,278	18,880,522	19,440,371	20,287,028
360,964	433,007	366,551	358,197	361,444	496,040	476,211
3,634,841	3,794,607	3,264,236	4,214,287	3,554,614	3,099,985	2,231,124
880,326	1,077,750	636,922	369,406	219,412	175,826	168,953
1,500,256	751,758	431,212	1,134,938	658,189	540,484	417,356
264,680	834,314	924,993	938,020	82,637	131,288	436,824
<u>29,838,725</u>	<u>30,252,138</u>	<u>29,432,188</u>	<u>28,688,769</u>	<u>26,570,590</u>	<u>27,204,863</u>	<u>27,199,675</u>
97,179	93,819	37,267	15,908	3,247	2,402	6,297
<u>(264,680)</u>	<u>(834,314)</u>	<u>(924,993)</u>	<u>(938,020)</u>	<u>(82,637)</u>	<u>(131,288)</u>	<u>(436,824)</u>
<u>(167,501)</u>	<u>(740,495)</u>	<u>(887,726)</u>	<u>(922,112)</u>	<u>(79,390)</u>	<u>(128,886)</u>	<u>(430,527)</u>
<u>\$29,671,224</u>	<u>\$29,511,643</u>	<u>\$28,544,462</u>	<u>\$27,766,657</u>	<u>\$26,491,200</u>	<u>\$27,075,977</u>	<u>\$26,769,148</u>
\$3,743,129	\$2,792,614	(\$1,827,623)	(\$824,511)	(\$3,421,691)	\$4,962,466	(\$225,483)
500,616	481,256	602,998	3,232,355	2,360,291	1,221,443	205,103
<u>\$4,243,745</u>	<u>\$3,273,870</u>	<u>(\$1,224,625)</u>	<u>\$2,407,844</u>	<u>(\$1,061,400)</u>	<u>\$6,183,909</u>	<u>(\$20,380)</u>

City of Newark

*Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2003	2004	2005	2006	2007
General Fund					
Nonspendable	\$0	\$0	\$0	\$0	\$0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Reserved	1,395,063	487,274	307,378	739,920	848,097
Unreserved	792,041	970,399	528,313	1,114,748	2,717,746
Total General Fund	2,187,104	1,457,673	835,691	1,854,668	3,565,843
All Other Governmental Funds					
Nonspendable	\$0	\$0	\$0	\$0	\$0
Restricted	0	0	0	0	0
Unassigned	0	0	0	0	0
Reserved	10,474,790	4,689,768	2,546,268	4,515,664	2,531,396
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	(175,460)	4,371,326	4,428,725	4,891,038	4,329,307
Capital Projects Funds	3,007,832	(2,213,005)	(2,889,968)	(1,997,460)	(849,552)
Total All Other Governmental Funds	13,307,162	6,848,089	4,085,025	7,409,242	6,011,151
Total Governmental Funds	\$15,494,266	\$8,305,762	\$4,920,716	\$9,263,910	\$9,576,994

Source: City Auditor's Office

NOTE: The City implemented GASB 54 in 2011 which established new fund balance classifications for governmental funds.

City of Newark

2008	2009	2010	2011	2012
\$0	\$0	\$0	\$115,987	\$117,771
0	0	0	534,701	1,300,983
0	0	0	3,752,273	2,501,691
470,901	580,093	570,773	0	0
<u>2,608,161</u>	<u>2,403,167</u>	<u>1,774,282</u>	<u>0</u>	<u>0</u>
<u>3,079,062</u>	<u>2,983,260</u>	<u>2,345,055</u>	<u>4,402,961</u>	<u>3,920,445</u>
\$0	\$0	\$0	\$4,903,304	\$231,351
0	0	0	8,042,449	12,053,339
0	0	0	(755,421)	(558,807)
2,867,626	2,542,594	3,989,848	0	0
3,774,340	2,850,367	3,858,783	0	0
(4,972)	(211,166)	331,383	0	0
<u>6,636,994</u>	<u>5,181,795</u>	<u>8,180,014</u>	<u>12,190,332</u>	<u>11,725,883</u>
<u>\$9,716,056</u>	<u>\$8,165,055</u>	<u>\$10,525,069</u>	<u>\$16,593,293</u>	<u>\$15,646,328</u>

City of Newark

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2003	2004	2005	2006
Revenues:				
Taxes	\$20,584,344	\$20,867,126	\$21,765,717	\$22,853,652
Intergovernmental Revenues	10,505,105	11,438,931	10,751,711	9,577,436
Charges for Services	1,158,161	1,195,072	1,143,484	1,432,375
Licenses, Permits and Fees	1,724,167	1,647,136	1,628,325	1,549,917
Investment Earnings	363,604	322,867	433,890	880,326
Special Assessments	43,758	123,112	48,518	25,230
Fines and Forfeitures	1,758,405	1,520,015	1,556,778	1,975,088
All Other Revenue	622,613	732,231	1,297,389	1,500,256
Total Revenue	<u>36,760,157</u>	<u>37,846,490</u>	<u>38,625,812</u>	<u>39,794,280</u>
Expenditures:				
Current:				
Security of Persons and Property	17,017,236	17,238,670	17,422,539	17,248,660
Public Health and Welfare Services	2,591,268	2,895,378	2,957,320	2,418,915
Leisure Time Activities	753,238	690,045	1,842,136	673,150
Community Environment	2,899,829	2,978,113	2,791,767	3,162,051
Transportation	3,266,226	4,004,744	3,754,392	3,281,101
General Government	7,097,236	7,307,835	7,761,611	7,728,635
Capital Outlay	3,496,371	9,965,693	7,095,408	2,980,071
Debt Service:				
Principal Retirement	130,000	300,000	425,000	544,000
Interest and Fiscal Charges	331,057	781,949	733,591	775,132
Total Expenditures	<u>37,582,461</u>	<u>46,162,427</u>	<u>44,783,764</u>	<u>38,811,715</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(822,304)	(8,315,937)	(6,157,952)	982,565

City of Newark

2007	2008	2009	2010	2011	2012
\$23,795,166	\$24,141,533	\$21,995,412	\$22,138,933	\$23,235,579	\$23,598,538
10,137,168	8,458,536	9,778,082	10,267,862	11,112,100	12,475,770
1,615,096	2,341,997	2,484,063	2,289,390	2,114,800	2,102,342
1,343,140	672,053	739,218	63,204	136,677	65,196
1,034,943	582,307	362,306	217,555	170,071	161,787
71,218	7,198	39,295	27,635	25,439	7,703
2,092,652	2,072,203	2,134,239	2,056,603	1,948,006	2,101,869
755,691	431,212	1,134,938	658,189	540,484	417,356
<u>40,845,074</u>	<u>38,707,039</u>	<u>38,667,553</u>	<u>37,719,371</u>	<u>39,283,156</u>	<u>40,930,561</u>
18,093,642	18,603,640	18,299,201	18,207,565	17,582,231	18,462,490
2,464,530	622,243	7,911	140,923	200,044	1,751,877
468,478	536,902	616,513	575,431	560,236	652,138
2,790,461	2,823,629	3,171,385	2,549,523	1,940,710	2,160,549
4,880,029	4,161,938	4,886,329	3,936,324	3,981,510	4,377,197
8,769,728	10,003,984	9,770,565	9,774,503	10,750,798	10,259,639
4,222,928	2,915,007	4,123,220	2,460,005	2,983,077	3,614,008
475,000	530,000	535,000	550,000	751,726	894,321
765,960	748,092	705,764	722,471	665,800	736,336
<u>42,930,756</u>	<u>40,945,435</u>	<u>42,115,888</u>	<u>38,916,745</u>	<u>39,416,132</u>	<u>42,908,555</u>
(2,085,682)	(2,238,396)	(3,448,335)	(1,197,374)	(132,976)	(1,977,994)

(Continued)

City of Newark

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	58,092	103,027	237,727	74,790
Other Financing Sources - Capital Lease	0	0	1,698,762	1,097,605
Loan Issuance	0	0	0	0
General Obligation Bonds Issued	10,994,991	0	0	1,609,000
Refunding General Obligation Bonds Issued	0	0	0	2,645,000
Discount on General Obligation Bonds Issued	0	0	0	(23,223)
Payment to Refunded Bond Escrow Agent	0	0	0	(2,555,973)
Transfers In	18,514,967	21,796,392	21,261,231	21,394,511
Transfers Out	(18,307,917)	(20,774,982)	(20,420,361)	(20,949,831)
Total Other Financing Sources (Uses)	<u>11,260,133</u>	<u>1,124,437</u>	<u>2,777,359</u>	<u>3,291,879</u>
Net Change in Fund Balance	<u>\$10,437,829</u>	<u>(\$7,191,500)</u>	<u>(\$3,380,593)</u>	<u>\$4,274,444</u>
 Debt Service as a Percentage of Noncapital Expenditures	 1.29%	 2.93%	 3.24%	 3.80%

Source: City Auditor's Office

City of Newark

2007	2008	2009	2010	2011	2012
81,510	43,321	0	0	0	42,975
1,413,634	402,087	0	718,698	319,820	350,000
0	0	1,021,359	162,954	191,560	738,339
0	1,180,000	0	1,710,000	1,200,000	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
24,517,996	23,984,004	21,370,773	19,675,687	4,469,758	2,915,010
(23,714,241)	(23,059,011)	(20,432,753)	(18,793,050)	(4,113,653)	(2,862,443)
2,298,899	2,550,401	1,959,379	3,474,289	2,067,485	1,183,881
\$213,217	\$312,005	(\$1,488,956)	\$2,276,915	\$1,934,509	(\$794,113)
3.19%	3.24%	3.26%	3.40%	3.91%	4.11%

City of Newark

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Income Tax Rate	1.75%	1.75%	1.75%	1.75%	1.75%
Total Tax Collected	\$17,371,837	\$17,850,043	\$18,657,251	\$20,337,124	\$20,420,533
Income Tax Receipts					
Withholding	13,948,507	14,210,186	14,790,929	16,103,101	15,928,540
Percentage	80.29%	79.61%	79.28%	79.18%	78.00%
Corporate	975,996	1,070,876	1,235,602	1,555,677	1,850,596
Percentage	5.62%	6.00%	6.62%	7.65%	9.06%
Individuals	2,447,334	2,568,982	2,630,720	2,678,345	2,641,397
Percentage	14.09%	14.39%	14.10%	13.17%	12.94%

Source: City Income Tax Department

City of Newark

2008	2009	2010	2011	2012
1.75%	1.75%	1.75%	1.75%	1.75%
\$20,708,589	\$18,880,102	\$18,775,403	\$19,380,456	\$19,985,479
15,761,577	15,034,690	14,871,975	15,394,159	15,734,408
76.12%	79.63%	79.21%	79.43%	78.73%
2,399,014	1,264,276	1,389,251	1,407,060	1,645,186
11.58%	6.70%	7.40%	7.26%	8.23%
2,547,998	2,581,136	2,514,176	2,579,238	2,605,886
12.30%	13.67%	13.39%	13.31%	13.04%



City of Newark

Income Tax Statistics Current Year and Nine Years Ago

Calendar Year 2012

<u>Income Tax Filers</u>	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Taxable Income</u>	<u>Percent of Income</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	10	0.06%	\$27,490,982	4.26%	\$481,092	4.26%
All Others	15,497	99.94%	618,335,214	95.74%	10,820,866	95.74%
Total	15,507	100.00%	\$645,826,196	100.00%	\$11,301,958	100.00%

Calendar Year 2003

<u>Income Tax Filers</u>	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Taxable Income</u>	<u>Percent of Income</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	10	0.05%	\$11,795,814	1.65%	\$206,427	1.65%
All Others	20,697	99.95%	701,168,474	98.35%	12,270,448	98.35%
Total	20,707	100.00%	\$712,964,288	100.00%	\$12,476,875	100.00%

Source: City Income Tax Department

City of Newark

Ratios of Outstanding Debt By Type Last Ten Years

	2003	2004	2005	2006
Governmental Activities ⁽¹⁾				
Special Assessment Bonds	\$85,000	\$65,000	\$45,000	\$25,000
General Obligation Bonds Payable	13,769,991	13,489,991	13,084,991	14,409,991
Capital Leases	173,021	133,235	1,748,827	2,464,526
ODOT State Infrastructure Bank Loan	0	0	0	0
Business-type Activities ⁽¹⁾				
General Obligation Bonds Payable	\$11,537,306	\$10,711,128	\$9,887,329	\$9,069,717
Ohio Water Development Authority Loans Payable	7,172,421	6,630,766	6,912,121	9,006,413
Ohio Public Works Commission Loan Payable	0	0	0	568,655
Special Assessment Bonds	0	51,284	46,156	41,028
Capital Leases	0	0	0	43,517
Total Primary Government	<u>\$32,737,739</u>	<u>\$31,081,404</u>	<u>\$31,724,424</u>	<u>\$35,628,847</u>
Population ⁽²⁾				
City of Newark	46,279	46,279	46,279	46,279
Outstanding Debt Per Capita	\$707	\$672	\$686	\$770
Income ⁽³⁾				
Personal (in thousands)	\$1,307,243	\$1,373,792	\$1,411,926	\$1,483,242
Percentage of Personal Income	2.50%	2.26%	2.25%	2.40%

Sources:

- (1) City Auditor's Office
- (2) U.S. Bureau of Census, Population Division
- (3) U.S. Department of Commerce, Bureau of Economic Analysis information is only available through 2011, for the presentation of 2012 statistics, the City is using the latest information available.
- (a) Per Capita Income is only available by County, Total Personal Income is a calculation

City of Newark

2007	2008	2009	2010	2011	2012
\$0	\$0	\$0	\$0	\$0	\$0
14,115,868	14,609,991	14,074,991	15,234,991	15,759,991	15,039,991
3,255,703	2,904,221	2,253,763	2,218,696	2,001,395	1,794,187
0	0	1,021,359	1,184,313	1,299,147	1,863,165
\$8,252,069	\$6,925,411	\$7,333,753	\$6,506,120	\$7,145,172	\$11,268,626
10,754,578	11,845,846	12,687,667	22,899,357	25,580,376	27,158,821
554,439	526,007	1,119,535	1,049,964	980,393	910,822
35,900	30,772	25,644	20,516	15,388	10,260
418,364	398,080	362,395	319,995	275,901	230,049
<u>\$37,386,921</u>	<u>\$37,240,328</u>	<u>\$38,879,107</u>	<u>\$49,433,952</u>	<u>\$53,057,763</u>	<u>\$58,275,921</u>
46,279	46,279	46,279	47,537	47,537	47,537
\$808	\$805	\$840	\$1,040	\$1,116	\$1,226
\$1,569,876	\$1,600,374	\$1,581,029	\$1,648,155	\$1,782,210	\$1,782,210
2.38%	2.33%	2.46%	3.00%	2.98%	3.27%

City of Newark

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2003	2004	2005	2006
Population (1)	46,279	46,279	46,279	46,279
Personal Income (2)	\$1,307,242,913	\$1,373,792,115	\$1,411,926,011	\$1,483,241,950
General Bonded Debt				
General Obligation Bonds	\$25,307,297	\$24,201,119	\$22,972,320	\$23,479,708
Resources Available to Pay Principal	\$31,546	\$128,603	\$145,622	\$137,693
Net General Bonded Debt	\$25,275,751	\$24,072,516	\$22,826,698	\$23,342,015
Ratio of Net Bonded Debt to Personal Income	1.93%	1.75%	1.62%	1.57%
Net Bonded Debt per Capita	\$546.16	\$520.16	\$493.24	\$504.38

Source:

(1) U.S. Bureau of Census of Population

(2) U.S. Department of Commerce, Bureau of Economic Analysis information is only available through 2011, for the presentation of 2012 statistics, the City is using the latest information available.

(a) Per Capita Income is only available by County, Total Personal Income is a calculation

City of Newark

2007	2008	2009	2010	2011	2012
46,279	46,279	46,279	47,537	47,537	47,537
\$1,569,876,238	\$1,600,374,099	\$1,581,029,477	\$1,648,155,327	\$1,782,209,667	\$1,782,209,667
\$22,367,937	\$21,535,402	\$21,408,744	\$21,741,111	\$22,905,163	\$26,308,617
\$6,126	\$154,983	\$8,059	\$18,749	\$166,935	\$391,186
\$22,361,811	\$21,380,419	\$21,400,685	\$21,722,362	\$22,738,228	\$25,917,431
1.42%	1.34%	1.35%	1.32%	1.28%	1.45%
\$483.20	\$461.99	\$462.43	\$456.96	\$478.33	\$545.21



City of Newark

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2012*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Newark (1)</u>	<u>Amount Applicable to the City of Newark</u>
Direct:			
City of Newark	\$18,697,343	100.00%	\$18,697,343
Overlapping:			
Career and Technology Education Center	4,511,667	22.73%	1,025,502
Licking County	16,601,338	21.27%	3,531,105
		Total	<u>\$23,253,950</u>

Source: Licking County Auditor

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the total assessed valuation of the political subdivision.

City of Newark

Debt Limitations Last Ten Years

Collection Year	2003	2004	2005	2006
<u>Total Debt</u>				
Net Assessed Valuation	\$718,973,460	\$736,438,580	\$742,972,970	\$828,435,710
Legal Debt Limitation (%) ⁽¹⁾	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) ⁽¹⁾	75,492,213	77,326,051	78,012,162	86,985,750
City Debt Outstanding ⁽²⁾	14,258,991	15,015,991	15,377,491	13,465,991
Less: Applicable Debt Service Fund Amounts	(17,864)	(125,902)	(145,622)	(137,693)
Net Indebtedness Subject to Limitation	<u>14,241,127</u>	<u>14,890,089</u>	<u>15,231,869</u>	<u>13,328,298</u>
Overall Legal Debt Margin	<u>\$61,251,086</u>	<u>\$62,435,962</u>	<u>\$62,780,293</u>	<u>\$73,657,452</u>
 Debt Margin as a Percentage of Debt Limit	 81.14%	 80.74%	 80.48%	 84.68%
<u>Unvoted Debt</u>				
Net Assessed Valuation	\$718,973,460	\$736,438,580	\$742,972,970	\$828,435,710
Legal Debt Limitation (%) ⁽¹⁾	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) ⁽¹⁾	39,543,540	40,504,122	40,863,513	45,563,964
City Debt Outstanding ⁽²⁾	14,258,991	15,015,991	15,377,491	13,465,991
Less: Applicable Debt Service Fund Amounts	(17,864)	(125,902)	(145,622)	(137,693)
Net Indebtedness Subject to Limitation	<u>14,241,127</u>	<u>14,890,089</u>	<u>15,231,869</u>	<u>13,328,298</u>
Overall Legal Debt Margin	<u>\$25,302,413</u>	<u>\$25,614,033</u>	<u>\$25,631,644</u>	<u>\$32,235,666</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 Bonds and Notes only.
The East Main Street Improvement and Deo Drive Bonds are TIF Bonds.
Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Source: City Auditor's Office

City of Newark

2007	2008	2009	2010	2011	2012
\$810,786,940	\$799,331,100	\$789,272,045	\$799,841,220	\$803,775,990	\$804,198,160
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
85,132,629	83,929,766	82,873,565	83,983,328	84,396,479	84,440,807
12,744,991	12,619,991	12,214,991	11,859,991	12,529,991	14,159,991
(6,126)	(154,983)	(8,059)	(18,749)	(166,935)	(391,186)
12,738,865	12,465,008	12,206,932	11,841,242	12,363,056	13,768,805
\$72,393,764	\$71,464,758	\$70,666,633	\$72,142,086	\$72,033,423	\$70,672,002
85.04%	85.15%	85.27%	85.90%	85.35%	83.69%
\$810,786,940	\$799,331,100	\$789,272,045	\$799,841,220	\$803,775,990	\$804,198,160
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
44,593,282	43,963,211	43,409,962	43,991,267	44,207,679	44,230,899
12,744,991	12,619,991	12,214,991	11,859,991	12,529,991	14,159,991
(6,126)	(154,983)	(8,059)	(18,749)	(166,935)	(391,186)
12,738,865	12,465,008	12,206,932	11,841,242	12,363,056	13,768,805
\$31,854,417	\$31,498,203	\$31,203,030	\$32,150,025	\$31,844,623	\$30,462,094

City of Newark

Pledged Revenue Coverage Last Ten Years

	2003	2004	2005	2006	2007
Special Assessment Bonds (1)					
Special Assessment Collections	\$43,758	\$123,112	\$48,518	\$25,230	\$24,264
Debt Service					
Principal	20,000	20,000	20,000	20,000	25,000
Interest	5,963	4,230	3,942	2,250	1,250
Coverage	1.69	5.08	2.03	1.13	0.92
Special Assessment Bonds (2)					
Special Assessment Collections	\$0	\$15,864	\$25,741	\$16,479	\$6,725
Debt Service					
Principal	0	0	5,128	5,128	5,128
Interest	0	609	2,436	2,192	1,948
Coverage	0.00	26.05	3.40	2.25	0.95
Tax Increment Financing (TIF) (3)					
Payment in Lieu of Taxes	\$349,731	\$346,398	\$346,814	\$369,806	\$172,892
Debt Service					
Principal	110,000	115,000	125,000	130,000	60,000
Interest	150,698	145,858	140,682	136,325	125,645
Coverage	1.34	1.33	1.31	1.39	0.93
Tax Increment Financing (TIF) (4)					
Payment in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0
Debt Service					
Principal	0	0	0	0	0
Interest	0	0	0	0	0
Coverage	0.00	0.00	0.00	0.00	0.00

(1) Hudson Avenue Street Lighting, Governmental Activities, Retired in 2007.

(2) Morgan Manor Sewer, Business-type Activities

(3) East Main Street Improvement, Governmental Activities

(4) Deo Drive Improvement, Governmental Activities

Source: City Auditor's Office

City of Newark

2008	2009	2010	2011	2012
\$0	\$0	\$0	\$0	\$0
0	0	0	0	0
0	0	0	0	0
0.00	0.00	0.00	0.00	0.00
\$7,198	\$6,725	\$6,245	\$6,525	\$7,254
5,128	5,128	5,128	5,128	5,128
1,706	1,462	1,218	974	730
1.05	1.02	0.98	1.07	1.24
\$171,761	\$163,200	\$164,491	\$170,495	\$232,252
80,000	85,000	85,000	90,000	95,000
106,332	103,132	99,732	96,332	92,732
0.92	0.87	0.89	0.92	1.24
\$111,174	\$88,014	\$97,264	\$99,659	\$108,302
50,000	45,000	45,000	55,000	55,000
41,919	44,992	43,304	41,616	39,554
1.21	0.98	1.10	1.03	1.15

City of Newark

Demographic and Economic Statistics Last Ten Years

Calendar Year	2003	2004	2005	2006	2007
Population (1)					
City of Newark	46,279	46,279	46,279	46,279	46,279
Licking County	145,491	145,491	154,806	154,806	154,806
Income (2) (a)					
Total Personal (in thousands)	\$1,307,243	\$1,373,792	\$1,411,926	\$1,483,242	\$1,569,876
Per Capita	\$28,247	\$29,685	\$30,509	\$32,050	\$33,922
Unemployment Rate (3)					
Federal	5.8%	6.0%	5.5%	5.0%	4.6%
State	5.7%	6.1%	6.0%	5.9%	5.6%
Licking County	5.3%	5.9%	5.8%	5.1%	5.2%
Civilian Work Force Estimates (3)					
State	5,915,000	5,875,300	5,900,400	5,934,000	5,976,500
Licking County	78,800	80,500	81,100	82,700	84,500

Sources:

- (1) U.S. Bureau of Census of Population.
- (2) U.S. Department of Commerce, Bureau of Economic Analysis information is only available through 2011, for the presentation of 2012 statistics, the City is using the latest information available. As the most current information becomes available, prior year figures are updated.
- (a) Per Capita Income is only available by County, Total Personal Income is a calculation.
- (3) State Department of Labor Statistics.

City of Newark

2008	2009	2010	2011	2012
46,279	46,279	47,537	47,537	47,537
154,806	154,806	166,492	166,492	166,492
\$1,600,374	\$1,581,029	\$1,648,155	\$1,782,210	\$1,782,210
\$34,581	\$34,163	\$34,671	\$37,491	\$37,491
5.8%	9.7%	8.9%	8.9%	7.8%
6.6%	10.2%	8.5%	8.6%	6.7%
6.1%	11.1%	8.7%	8.0%	6.5%
5,986,400	5,979,100	5,989,150	5,806,500	5,740,900
85,600	85,700	86,700	84,400	84,829



City of Newark

Principal Employers Current Year and Nine Years Ago

		2012	
Employer	Nature of Business	Number of Employees	Rank
Licking Memorial Hospital	Hospital	1,700	1
State Farm Insurance	Insurance	1,499	2
Licking County Government	Government	1,101	3
Anomatic	Metal Finishers	1,085	4
OSUN/COTC	Education	1,082	5
Newark City Schools	Education	1,079	6
Walmart	Retail	960	7
Meijer	Retail	701	8
Owens Corning Fiberglass	Fiberglass Insulation	550	9
City of Newark	Government	438	10
Total		<u>10,195</u>	
Total Employment within the City (1)		<u>N/A</u>	

		2003	
Employer	Nature of Business	Number of Employees	Rank
State Farm Insurance	Insurance	1,524	1
Licking Memorial Hospital	Hospital	1,338	2
Owens Corning Fiberglass	Fiberglass Insulation	1,335	3
Newark City Schools	Education	1,292	4
Licking County Government	Government	1,166	5
Longaberger, Inc.	Decorative Baskets	1,146	6
OSUN/COTC	Education	1,000	7
Anomatic	Metal Finishers	812	8
Holophane, Inc.	Lighting	629	9
City of Newark	Government	581	10
Total		<u>10,823</u>	
Total Employment within the City (1)		<u>N/A</u>	

(1) - Total employment within the City is not available.

Source: City Auditor's Office

City of Newark

Full Time Equivalent Employees by Function Last Ten Years

	2003	2004	2005	2006	2007
Governmental Activities					
General Government					
Finance	20.00	20.00	20.00	20.00	20.00
Legal/Court	51.00	51.00	52.00	52.00	52.00
Administration	33.00	32.00	32.00	31.00	31.00
Maintenance	19.00	20.00	19.00	18.00	18.00
Security of Persons and Property					
Police	101.00	103.00	104.00	106.00	106.00
Fire	85.00	85.00	85.00	85.00	86.00
Transportation					
Street	34.00	34.00	32.00	32.00	32.00
Leisure Time Activities					
Recreation/Seniors	20.00	20.00	20.00	20.00	20.00
Community Environment	44.00	43.00	43.00	42.00	42.00
Community Development	7.00	6.00	6.00	7.00	7.00
Business-Type Activities					
Utilities					
Water	44.00	45.00	45.00	45.00	45.00
Sewer	25.00	26.00	26.00	26.00	26.00
Storm Water	0.00	1.00	1.00	1.00	1.00
<i>Total Employees</i>	<u>483.00</u>	<u>486.00</u>	<u>485.00</u>	<u>485.00</u>	<u>486.00</u>

Method: 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee

Source: City Auditor's Office

City of Newark

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
20.00	19.00	19.00	19.00	19.00
52.00	51.00	51.00	51.00	51.00
30.00	29.00	29.00	29.00	29.00
18.00	16.00	16.00	16.00	16.00
106.00	104.00	103.00	105.00	105.00
88.00	88.00	87.00	88.00	88.00
32.00	29.00	28.00	28.00	28.00
18.00	16.00	16.00	15.00	15.00
42.00	40.00	40.00	40.00	40.00
7.00	9.00	9.00	11.00	9.00
45.00	44.00	44.00	44.00	44.00
26.00	25.00	25.00	25.00	25.00
2.00	3.00	3.00	3.00	3.00
<u>486.00</u>	<u>473.00</u>	<u>470.00</u>	<u>474.00</u>	<u>472.00</u>

City of Newark

Operating Indicators by Function Last Ten Years

	2003	2004	2005	2006	2007
Governmental Activities					
General Government					
Court					
Number of Traffic Cases	3,612	3,498	3,544	3,571	3,602
Licenses and Permits					
Number of Building Permits	777	568	581	534	521
Security of Persons and Property					
Police					
Number of Citations Issued	1,845	2,096	2,112	2,001	2,213
Number of Arrests	1,629	1,882	1,723	1,750	1,797
Fire					
Number of Fire Calls	5,583	5,764	5,870	6,146	6,204
Number of EMS Runs	7,095	6,949	7,228	7,672	7,737
Transportation					
Street					
Number of Streets Resurfaced	16	20	31	33	33
Leisure Time Activities					
Recreation/Seniors					
Number of Programs Offered	9	N/A	N/A	N/A	N/A
Number of Pool Passes Issued	199	N/A	N/A	N/A	N/A
Community Environment					
Number of Code Violations	N/A	N/A	N/A	3	7
Business-Type Activities					
Water					
Number of Service Connections	19,867	19,993	20,212	20,342	20,408
Water Main Breaks	26	24	27	18	29
Daily Average Consumption (thousands of gallons)	8.7M	8.8M	8.9M	8.9M	8.9M
Sewer					
Number of Service Connections	17,777	17,936	18,243	18,657	18,687
Daily Average Sewage Treatment (thousands of gallons)	8.3M	8.3M	8.3M	8.4M	8.4M

Source: City Auditor's Office

City of Newark

2008	2009	2010	2011	2012
3,777	3,922	3,999	4,021	3,912
501	450	437	444	453
2,322	2,353	2,453	2,503	2,516
1,832	1,702	1,767	1,802	1,811
6,220	6,316	6,288	6,334	6,111
7,839	6,998	7,002	7,253	7,310
35	35	36	35	34
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
8	5	N/A	N/A	N/A
20,543	20,543	20,777	20,827	20,888
28	38	44	32	36
9.0M	8.9M	9.0M	9.0M	9.1M
18,703	18,723	18,798	18,842	18,911
8.5M	8.4M	8.5M	8.6M	8.7M

City of Newark

Capital Asset Statistics by Function Last Ten Years

	2003	2004	2005	2006	2007
Governmental Activities					
General Government					
Public Land and Buildings					
Land (acres)	458	459	459	459	459
Buildings	28	29	29	29	29
Security of Persons and Property					
Police					
Stations	1	1	1	1	1
Vehicles	21	21	22	22	22
Fire					
Stations	4	4	4	4	4
Vehicles	17	17	18	18	19
Transportation					
Street					
Streets (lane miles)	220	220	221	226	228
Traffic Signals	3,334	3,334	3,338	3,338	3,342
Vehicles	36	36	37	37	39
Leisure Time Activities					
Recreation/Seniors					
Land (acres)					
Buildings	16	16	16	16	16
Parks	39	39	39	39	39
Playgrounds	14	14	14	14	14
Swimming Pools	1	1	1	1	1
Baseball/Softball Diamonds	12	12	12	12	12
Business-Type Activities					
Utilities					
Water					
Waterlines (Miles)	197	197	199	199	201
Number of Hydrants	277	281	281	281	284
Sewer					
Sewerlines (Miles)	185	185	187	187	189
Lift Stations	7	7	7	7	7
Storm Water Drainage					
Storm Drains (Miles)	93	96	100	102	108
Number of Catch Basins	4,144	4,144	4,167	4,485	4,490

Source: City Auditor's Office

City of Newark

2008	2009	2010	2011	2012
459	459	459	459	459
29	29	29	29	29
1	1	1	1	1
22	22	23	24	24
4	4	4	4	4
20	20	22	22	22
228	228	228	228	228
3,342	3,342	3,344	3,346	3,348
39	39	40	41	42
16	16	16	16	16
39	39	39	39	39
14	14	14	14	14
1	1	1	1	1
12	12	12	12	12
203	203	204	204	204
290	288	290	291	291
191	191	192	194	194
7	10	10	10	10
110	110	115	117	117
4,494	4,494	4,504	4,508	4,529





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CITY OF NEWARK
LICKING COUNTY, OHIO

SINGLE AUDIT

January 1, 2012 through December 31, 2012
Fiscal Year Audited Under GAGAS: 2012

City of Newark
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For the Year Ended December 31, 2012

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City of Newark
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2012

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. Department of Housing and Urban Development			
<i>Direct from the Federal Government:</i>			
Community Development Block Grants/Entitlements Grants Cluster:			
Community Development Block Grant	B-11-MC-39-0024/B-12-MC-39-0024	14.218	\$867,260
Community Development Block Grant -R-ARRA	B-09-MY-39-0024	14.253	116
Total Community Development Block Grants/Entitlements Grants Cluster			<u>867,376</u>
Lead Based Paint Hazard Control in Privately-Owned Housing	OHLHB-0438-09	14.900	<u>1,444,235</u>
<i>Passed through the Ohio Department of Development:</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			
Community Development Block Grant - NSP	A-Z-08-293-1	14.228	<u>23,371</u>
HOME Investment Partnership Program	A-C-11-2HX-2	14.239	<u>4,935</u>
<i>Passed through the Mid-Ohio Regional Planning Commission:</i>			
Community Development Block Grant - NSP 2	N-U-09-760-1	14.256	<u>17,958</u>
Total U.S. Department of Housing and Urban Development			2,357,875
U.S. Department of Transportation			
<i>Federal Highway Administration</i>			
<i>Passed through the Ohio Department of Transportation:</i>			
Highway Planning and Construction	PID 86245	20.205	<u>54,768</u>
<i>Direct from the Federal Government:</i>			
Federal Transit Capital/Operating Grant	N/A	20.507	467,055
Federal Transit Capital/Operating Grant- ARRA	N/A	20.507	480,224
Total Transit Services Programs Cluster			<u>947,279</u>
State and Community Highway Safety Grant	N/A	20.600	<u>60,631</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	N/A	20.608	<u>31,029</u>
Total U.S. Department of Transportation			1,093,707
U.S. Department of Criminal Justice			
<i>Passed through the Ohio Department of Public Safety:</i>			
Edward Bryne Memorial Justice Assistance Grant	2012-DJ-BX-0527	16.738	<u>11,287</u>
			11,287
Bulletproof Vest Grant	N/A	16.607	<u>18,043</u>
Public Safety Partnership and Community Policing Grants (CHP)	2010UMWX0243	16.710	<u>124,566</u>
Total U.S. Department of Criminal Justice			153,896
U.S. Department of Homeland Security			
<i>Passed through the Ohio Emergency Management Agency:</i>			
Assistance to Firefighters Grant	EMW-2010-FO-09330	97.044	235,933
Assistance to Firefighters Grant	EMW-2011-FP-00748	97.044	34,544
Assistance to Firefighters Grant	EMW-2011-FO-08509	97.044	27,758
			<u>298,235</u>
Staffing for Adequate Fire and Emergency Response (SAFER)	EMW-2008-FF-00624	97.083	<u>52,035</u>
Total U.S. Department of Homeland Security			350,270
Total Federal Expenditures			<u>\$3,955,748</u>

N/A - pass through entity number not available or direct award

See accompanying notes to the schedule of federal awards expenditures.

CITY OF NEWARK
LICKING COUNTY, OHIO
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1 – GENERAL

The accompanying Schedule of Federal Awards Expenditures (the Schedule) presents the activity of all federal financial programs of the City of Newark, Ohio. The City reporting entity is defined in Note 1 of the City's basic financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies is included in the Schedule.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Federal Awards Expenditures has been prepared on a basis of cash disbursements; consequently, expenditures are recognized when paid rather than when the obligation is incurred.



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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

City of Newark
Licking County
40 West Main Street
Newark, Ohio 43055

To the Members of Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' Government Auditing Standards, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Newark, Licking County, (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 14, 2013, wherein we noted the City implemented Governmental Accounting Standards Board Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*, No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. We consider finding 2012-01 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the City's response and, according, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
June 14, 2013



Balestra, Harr & Scherer, CPAs, Inc.

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Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

City of Newark
Licking County
40 West Main Street
Newark, Ohio 43055

To the Members of Council:

Report on Compliance for Each Major Federal Program

We have audited the City of Newark's (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the City of Newark's major federal programs for the year ended December 31, 2012. The *Summary of Audit Results* in the accompanying schedule of findings identifies the City's major federal programs.

Management's Responsibility

The City's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the City's compliance for each of the City's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the City's major programs. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Newark complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Members of Council
City of Newark
Report on Compliance with Requirements Applicable to each Major Federal Program and on
Internal Control Over Compliance Required by OMB Circular A-133
Page 3

Report on Schedule of Federal Awards Expenditures Required by OMB Circular A-133

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Newark (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated June 14, 2013. Our opinion also explained that the City adopted Governmental Accounting Standards Board Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*, No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities* during the year. We conducted our audit to opine on the City's basic financial statements. The accompanying schedule of federal awards expenditures presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
June 14, 2013

City of Newark
Schedule of Findings
OMB Circular A-133 Section .505
For the Year Ended December 31, 2012

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Transit Services Programs Cluster: CFDA #20.507, Federal Transit Capital/Operating Grant CFDA #20.507, Federal Transit Capital/Operating Grant (ARRA) CFDA #14.900, Lead Based Paint Hazard Control in Privately-Owned Housing CFDA #97.044 Assistance to Firefighters Grant
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

City of Newark
Schedule of Findings
OMB Circular A-133 Section .505
For the Year Ended December 31, 2012

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

FINDING NUMBER 2012-01

Material Weakness – Cash Reconciliation

We noted that the City Treasurer’s Office employees had not properly reconciled the accounting records to the bank balances since August 2012. Reconciliation is a key element of an internal control system; this condition limits the control and accountability over City expenditures and allows for the possibility of incorrect postings, long outstanding checks, and improper payments. The City should reconcile the accounting records to the bank balances monthly.

Client Response:

Bank reconciliation procedures within the Treasurer’s Office have been reviewed and corrective measures have been taken.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

None noted.

City of Newark
Schedule of Prior Audit Findings
For the Year Ended December 31, 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2011-01	Significant Deficiency – Financial Reporting	Yes	
2011-02	Material Weakness/Material Noncompliance – Not filing Data Collection Form within required timeframe	Yes	



Dave Yost • Auditor of State

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
SEPTEMBER 03, 2013**