

**CITY OF NEWARK
LICKING COUNTY**

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2005



**Auditor of State
Betty Montgomery**

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

We have reviewed the *Independent Auditors' Report* of the City of Newark, Licking County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2005 through December 31, 2005. 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 cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 11, 2006

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**CITY OF NEWARK
LICKING COUNTY**

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**CITY OF NEWARK
LICKING COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2005**

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>						
(Direct Award)						
Community Development Block Grant	B-05-MC-39-0004	14.218	\$ 1,243,904	\$ -	\$ 1,074,642	\$ -
Lead Based Paint Hazard Control	OHCH-BD222-02	14.900	219,274	-	225,732	-
(pass through Ohio Department of Development) HOME Investment Partnership Program	A-C-03-293-2	14.239	82,045	-	41,996	-
Total U.S. Department of Housing and Urban Development			1,545,223	-	1,342,370	-
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>						
Pass through Ohio Department of Transportation						
Highway Planning and Construction	PID 5056	20.205	447,140	-	134,841	-
Federal Transit Capital/Operating Grant	OH-90-X96-05T	20.507	440,059	-	440,059	-
Total U.S. Department of Transportation			887,199	-	574,900	-
<u>U.S. DEPARTMENT OF JUSTICE:</u>						
(Direct Award)						
Local Law Enforcement Block Grant	2005-LBBK-1203	16.592	1,301	-	1,301	-
Public Safety Partnership/Policing Grants	2002SHWX0120	16.710	57,945	-	57,945	-
Pass through Ohio Department of Justice						
Bulletproof Vest Grant	4023743	16.607	1,895	-	1,895	-
Edward Bryne Memorial Grant	VARIOUS	16.580	129,774	-	129,774	-
Total U.S. Department of Justice			190,915	-	190,915	-
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>						
Pass through Ohio Department of Health						
Immunization Action Plan	K095	93.268	39,237	-	38,823	-
HIV Grant	n/a	93.938	36,909	-	49,212	-
Dental Sealant Plan	J940	93.994	50,950	-	50,950	-
Public Health Infrastructure	J321/K552	93.283	223,926	-	223,926	-
Total U.S. Department of Health and Human Services			351,022	-	362,911	-
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>						
Direct Award						
Assistance to Firefighters Grant Program	EMW-03-FG-1598	97.044	129,738	-	129,738	-
Disaster Assistance Grant (FEMA)	n/a	97.036	195,730	-	56,873	-
Total U.S. Department of Homeland Security			325,468	-	186,611	-
Total Federal Awards Expenditures			\$ 3,299,827	\$ -	\$ 2,657,707	\$ -

See notes to Schedule of Federal Awards Expenditures.

**CITY OF NEWARK
LICKING COUNTY**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - MATCHING REQUIREMENTS

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Newark as of and for the year ended December 31, 2005, and have issued our report thereon dated May 31, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Newark's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which we have reported to management of the City of Newark in a separate letter dated May 31, 2006.

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
May 31, 2006

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

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

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

Compliance

We have audited the compliance of the City of Newark with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2005. The City of Newark's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Newark's management. Our responsibility is to express an opinion on The City of Newark's compliance based on our audit.

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

In our opinion, the City of Newark complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2005.

Internal Control Over Compliance

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

Internal Control Over Compliance (Continued)

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

Schedule of Federal Award Expenditures

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregated remaining fund information of the City of Newark as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 31, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of federal award expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
May 31, 2006

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

**CITY OF NEWARK
LICKING COUNTY
DECEMBER 31, 2005**

1. AUDITOR'S RESULTS

<i>(d)(1)(I)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	NO
<i>(d)(1)(II)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	NO
<i>(d)(1)(iii)</i>	Was there any reported non-compliance at the financial statement level (GAGAS)?	NO
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	NO
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	NO
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under section .510?	NO
<i>(d)(1)(vii)</i>	Major Programs (List):	Federal Transit #20.507 CDBG #14.218
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	NO

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

NONE

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

**CITY OF NEWARK
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005**

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

Finding 2003-1

Condition: Contracts not signed by contractor and homeowner.

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

Current Status: The finding does not warrant further action. The finding was first reported in the 2003 schedule of findings and questioned costs in August 2004. HUD is no longer following up this finding.

Finding 2003-2

Condition: Contracts not awarded to lowest bidder.

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

Current Status: The finding does not warrant further action. The finding was first reported in the 2003 schedule of findings and questioned costs in August 2004. HUD is no longer following up this finding.

Finding 2003-3

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

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

Current Status: The finding does not warrant further action. The finding was first reported in the 2003 schedule of findings and questioned costs in August 2004. HUD is no longer following up this finding.

**CITY OF NEWARK
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS (continued)
DECEMBER 31, 2005**

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

Finding 2003-4

Condition: Drawdowns were deposited into a interest bearing account.

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

Current Status: The finding does not warrant further action. The finding was first reported in the 2003 schedule of findings and questioned costs in August 2004. HUD is no longer following up this finding.

Finding 2003-5

Condition: No documentation of eligibility on file.

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

Current Status: The finding does not warrant further action. The finding was first reported in the 2003 schedule of findings and questioned costs in August 2004. HUD is no longer following up this finding.

Finding 2003-6

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

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

Current Status: The finding does not warrant further action. The finding was first reported in the 2003 schedule of findings and questioned costs in August 2004. HUD is no longer following up this finding.

Finding 2003-7

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

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

Current Status: The finding does not warrant further action. The finding was first reported in the 2003 schedule of findings and questioned costs in August 2004. HUD is no longer following up this finding.

**CITY OF NEWARK
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS (continued)
DECEMBER 31, 2005**

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

Finding 2003-8

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

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

Current Status: The finding does not warrant further action. The finding was first reported in the 2003 schedule of findings and questioned costs in August 2004. HUD is no longer following up this finding.

Finding 2003-9

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

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

Current Status: The finding does not warrant further action. The finding was first reported in the 2003 schedule of findings and questioned costs in August 2004. HUD is no longer following up this finding.

Finding 2003-10

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

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

Current Status: The finding does not warrant further action. The finding was first reported in the 2003 schedule of findings and questioned costs in August 2004. HUD is no longer following up this finding.

**CITY OF NEWARK
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS (continued)
DECEMBER 31, 2005**

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

Finding 2003IC-1

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

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

Current Status: The finding does not warrant further action. The finding was first reported in the 2003 schedule of findings and questioned costs in August 2004. HUD is no longer following up this finding.

Finding 2003IC-2

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

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

Current Status: The finding does not warrant further action. The finding was first reported in the 2003 schedule of findings and questioned costs in August 2004. HUD is no longer following up this finding.

Finding 2003IC-3

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

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

Current Status: The finding does not warrant further action. The finding was first reported in the 2003 schedule of findings and questioned costs in August 2004. HUD is no longer following up this finding.

Finding 2003IC-4

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

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

Current Status: The finding does not warrant further action. The finding was first reported in the 2003 schedule of findings and questioned costs in August 2004. HUD is no longer following up this finding.

**CITY OF NEWARK
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS (continued)
DECEMBER 31, 2005**

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

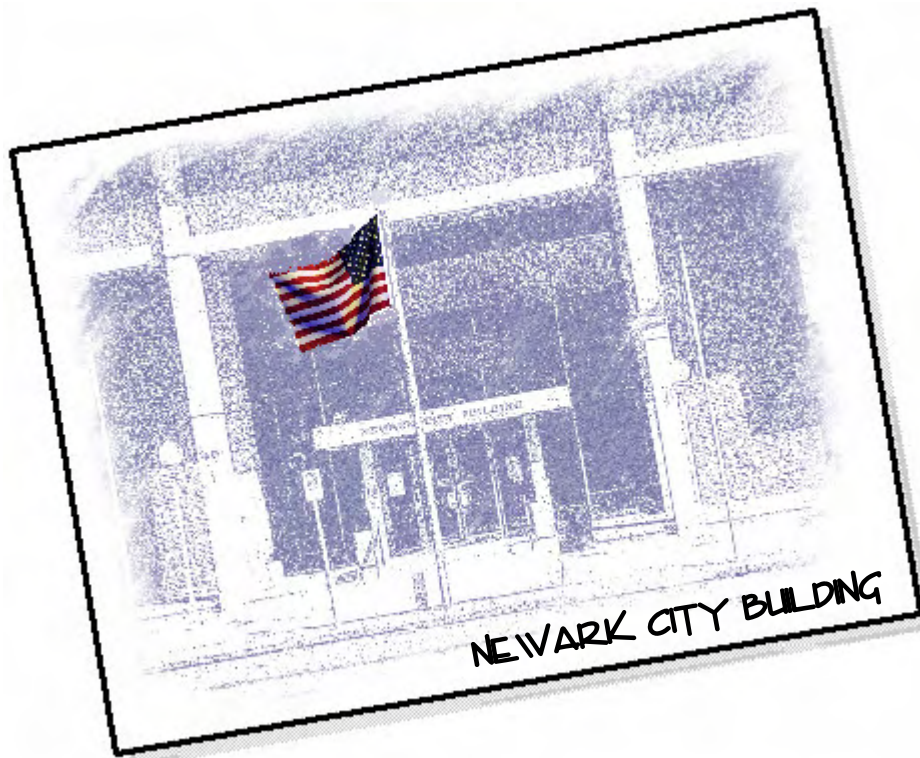
Finding 2003IC-5

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

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

Current Status: The finding does not warrant further action. The finding was first reported in the 2003 schedule of findings and questioned costs in August 2004. HUD is no longer following up this finding.

CITY OF
NEWARK
OHIO



COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2005



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2005

Prepared by the Auditor's Office

Stephen E. Johnson
City Auditor



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LICKING COUNTY, OHIO

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INTRODUCTORY Section



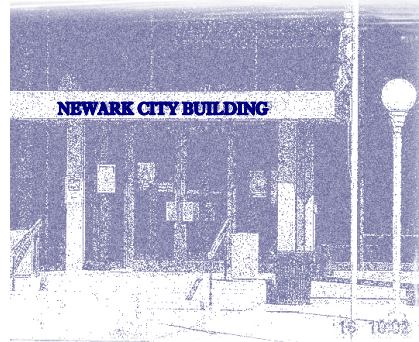
THE POLICE STATION



THE COURTHOUSE



NEWARK CITY HALL



THE FIRE STATION ON
SOUTH FOURTH STREET







CITY OF NEWARK

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May 31, 2006

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, 2005. 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 accountants.

The Report:

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

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

***Letter of Transmittal
For the Year Ended December 31, 2005***

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.

Historical Information:

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

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

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

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

CITY OF NEWARK, OHIO

Letter of Transmittal For the Year Ended December 31, 2005

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 Law Director is serving in his third term, the Auditor is serving in his second term, and the Mayor and Treasurer are both serving their first terms. The Safety, Service, Human Resources, Community Development and Economic Development Directors are appointed by the Mayor and serve at the pleasure of the Mayor.

City Charter

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

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

Location:

Newark is located in the central part of the state, approximately 33 miles east of Columbus, the state capital. Its 22.30 square mile area serves a residential population of 46,279. The City's elevation is approximately 830 feet above sea level. Its median temperatures are 75 degrees in summer and 30.2 degrees in winter. State highways 79, 13 and 16 serve as the City's major transportation arteries. The City is also served by the east-west interstate highway I-70 which lies approximately 9 miles to the south. Newark is ranked as Ohio's 24th largest city and the nation's 586th largest city by the Census Bureau.

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

CITY OF NEWARK, OHIO

Letter of Transmittal For the Year Ended December 31, 2005

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

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

Municipal Services:

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

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

***Letter of Transmittal
For the Year Ended December 31, 2005***

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

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

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

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2005***

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

Unemployment Rates:

The 2005 unemployment rate for Licking County of 5.5% was very close to the State average. The Ohio Bureau of Employment Services does not maintain statistics for the City of Newark, but unemployment within the City was estimated to be 5.9%.

Employee Relations:

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

MAJOR INITIATIVE

During 2005, continuing efforts were made to upgrade services and improve the quality of life for the citizens of Newark through the following projects:

Infrastructure Improvements

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

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

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

CITY OF NEWARK, OHIO

Letter of Transmittal For the Year Ended December 31, 2005

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

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

Parks and Recreation

During 2005 the city entered into a lease agreement with Newark Sports and Event Commission to operate the Newark Ice Arena for a 20 year period. A local fundraising campaign along with city funding provided nearly a million dollars to allow for capital renovations to be completed. Throughout 2005, 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. Also included in the renovation was a new road and entrance to the park. Improvements have been made at Hollander Pool on the City's north side, including a waterslide. The City entered into a management agreement with the Newark-Licking County YMCA for Hollander Pool operations.

City-Wide Initiatives

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

FINANCIAL INFORMATION

Internal Control, Budgetary Control and the Accounting System:

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

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

***Letter of Transmittal
For the Year Ended December 31, 2005***

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.

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

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

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

Cash Management:

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

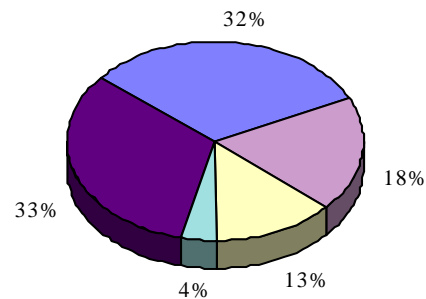
CITY OF NEWARK, OHIO

**Letter of Transmittal
For the Year Ended December 31, 2005**

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

The City's cash resources were invested at December 31, 2005 as follows:

Cash Resources *	2005	%
Cash	\$5,720,017	32%
Certificates of Deposit	3,318,000	18%
STAR Ohio	2,399,858	13%
Repurchase Agreement	710,482	4%
Federal/Corporate Securities	5,857,589	33%
Total Resources	<u>\$18,005,946</u>	<u>100%</u>



*Does not include Cash with Fiscal Agent

At December 31, 2005, the bank balance of the City's deposits was \$9,502,025 of which, \$520,000 was insured by Federal Depository Insurance and the remaining balance was collateralized by pooled collateral. The Ohio Revised Code requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority.

Risk Management:

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

The Ohio Municipal League Joint Self-Insurance Pool provided coverages for general liability, law enforcement liability, public officials liability, emergency medical service liability, boiler and machinery, inland marine and automobile liability.

***Letter of Transmittal
For the Year Ended December 31, 2005***

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

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

OTHER INFORMATION

Independent Audit:

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

Awards:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Newark, Ohio for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2004. 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 fourteen consecutive years (1991 - 2004). We believe this current report continues to conform to the Certificate of Achievement for Excellence in Financial Reporting program requirements and are submitting it to the GFOA.

Public Disclosure

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

***Letter of Transmittal
For the Year Ended December 31, 2005***

Acknowledgments:

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

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

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

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

Respectfully,



Stephen E. Johnson
City Auditor



Patricia J. Willis
Budget Analyst

Lori J. Resta
Deputy City Auditor

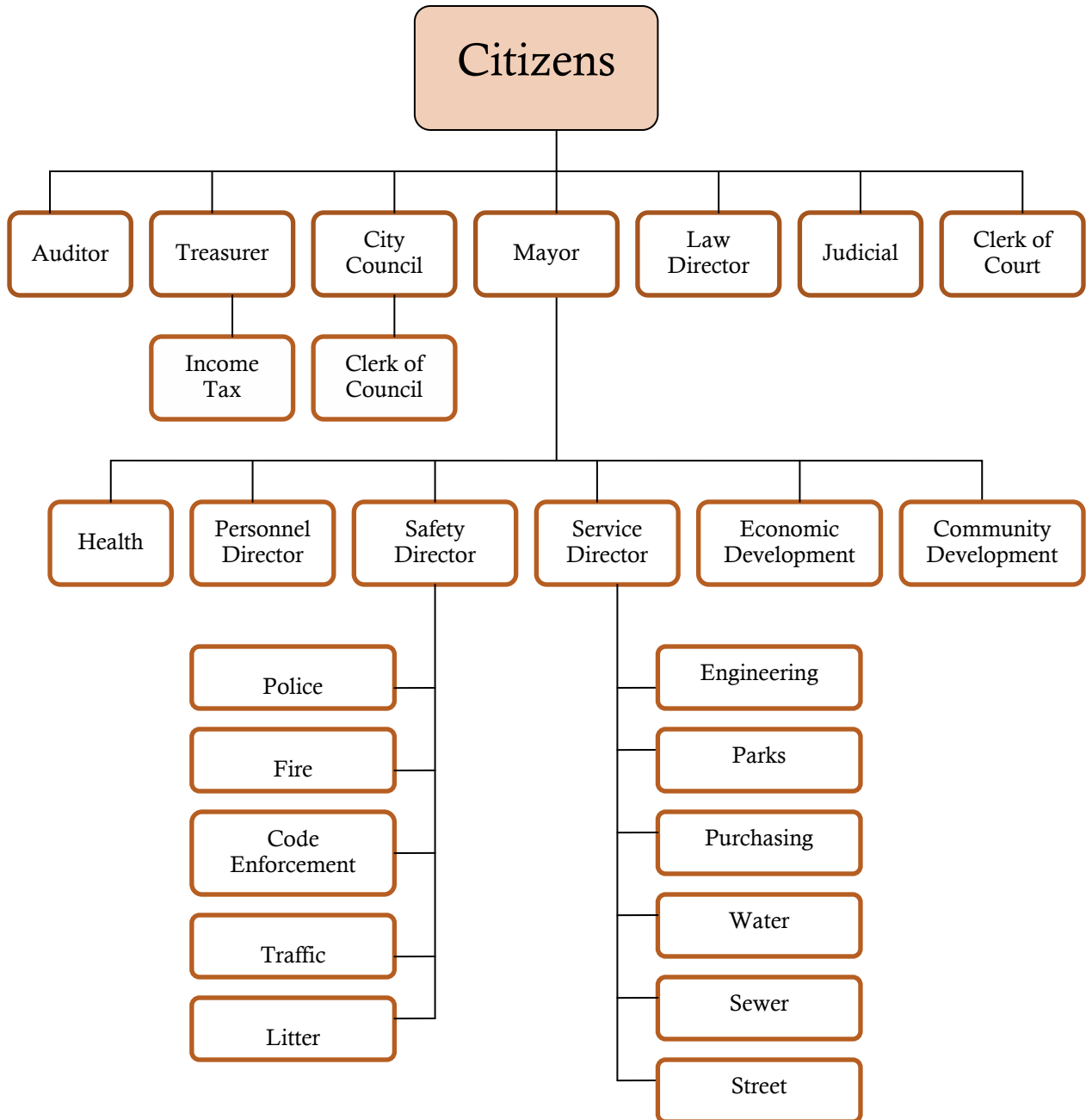
CITY OF NEWARK, OHIO

***List of Principal Officials
For the Year Ended December 31, 2005***

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

* - Ohio Casualty Insurance Company

**City Organizational Chart
For the Year Ended December 31, 2005**



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, 2004

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.



Carla E. Perry

President

Jeffrey R. Emmer

Executive Director



CEDAR HILL CEMETERY

Financial Section



T. J. EVANS PARK





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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The City of Newark as of and for the year ended December 31, 2005, which collectively comprise the City's financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newark as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund, Income Tax Fund and Community Development fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 31, 2006, on our consideration of the City of Newark's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
May 31, 2006

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, 2005. 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 2005 are as follows:

- ❑ In total, net assets increased \$998,303. Net assets of governmental activities increased \$1,072,606, which represents a 2% increase from 2004. Net assets of business-type activities decreased \$74,303 or less than 1% from 2004.
- ❑ General revenues accounted for \$27,471,103 in revenue or 53% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$24,743,375, or 47% of total revenues of \$52,214,478.
- ❑ The City had \$39,550,816 in expenses related to governmental activities; only \$12,928,633 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$27,694,789 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$28,667,582 in revenues and other financing sources and \$29,291,188 in expenditures and other financing uses. The general fund's fund balance declined from \$1,457,673 to \$835,691.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

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

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

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

- *Governmental Activities* – Most of the City's program's and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, transportation and general government.
- *Business-Type Activities* – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water, 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 City's major funds are the General, Income Tax, Community Development and Capital Improvement. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

CITY OF NEWARK, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2005**

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 Fiduciary Net Assets.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a summary of the City's net assets for 2005 compared to 2004.

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$25,449,560	\$28,320,787	\$9,057,833	\$8,682,043	\$34,507,393	\$37,002,830
Capital assets, Net	61,231,438	55,172,073	33,494,390	34,510,946	94,725,828	89,683,019
Total assets	86,680,998	83,492,860	42,552,223	43,192,989	129,233,221	126,685,849
Long-term debt outstanding	20,251,141	18,917,334	17,452,577	17,982,475	37,703,718	36,899,809
Other liabilities	11,952,254	11,170,529	818,063	854,628	12,770,317	12,025,157
Total liabilities	32,203,395	30,087,863	18,270,640	18,837,103	50,474,035	48,924,966
Net assets						
Invested in capital assets, net of related debt	41,575,185	37,431,082	16,658,851	16,562,270	58,234,036	53,993,352
Restricted	8,985,105	9,738,644	0	0	8,985,105	9,738,644
Unrestricted	3,917,313	6,235,271	7,622,732	7,793,616	11,540,045	14,028,887
Total net assets	\$54,477,603	\$53,404,997	\$24,281,583	\$24,355,886	\$78,759,186	\$77,760,883

CITY OF NEWARK, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2005**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2005 compared with 2004:

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues						
Program revenues:						
Charges for Services and Sales	\$4,342,070	\$4,270,935	\$11,197,607	\$10,502,396	\$15,539,677	\$14,773,331
Operating Grants and Contributions	7,002,350	5,355,416	0	0	7,002,350	5,355,416
Capital Grants and Contributions	1,584,213	1,462,515	617,135	0	2,201,348	1,462,515
General revenues:						
Property Taxes	2,933,433	2,923,448	0	0	2,933,433	2,923,448
Income Taxes	19,033,478	18,301,809	0	0	19,033,478	18,301,809
Grants and Entitlements not Restricted to						
Specific Programs	3,772,913	3,451,590	0	0	3,772,913	3,451,590
Investment Earnings	433,890	322,867	0	0	433,890	322,867
Miscellaneous	1,297,389	732,231	0	0	1,297,389	732,231
Total revenues	40,399,736	36,820,811	11,814,742	10,502,396	52,214,478	47,323,207
Program Expenses						
Security of Persons and Property	18,253,664	17,852,605	0	0	18,253,664	17,852,605
Leisure Time Activities	1,967,952	779,879	0	0	1,967,952	779,879
Community Environment	2,852,477	3,060,056	0	0	2,852,477	3,060,056
Public Health and Welfare	2,889,892	2,984,327	0	0	2,889,892	2,984,327
Transportation	5,212,238	5,512,403	0	0	5,212,238	5,512,403
General Government	7,628,709	8,342,604	0	0	7,628,709	8,342,604
Interest and Fiscal Charges	745,884	769,524	0	0	745,884	769,524
Water	0	0	6,052,567	6,211,742	6,052,567	6,211,742
Sewer	0	0	5,064,620	5,505,242	5,064,620	5,505,242
Storm Water	0	0	548,172	0	548,172	0
Total expenses	39,550,816	39,301,398	11,665,359	11,716,984	51,216,175	51,018,382
Change in Net Assets before transfers	848,920	(2,480,587)	149,383	(1,214,588)	998,303	(3,695,175)
Transfers	223,686	234,050	(223,686)	(234,050)	0	0
Total Change in Net Assets	1,072,606	(2,246,537)	(74,303)	(1,448,638)	998,303	(3,695,175)
Beginning Net Assets	53,404,997	55,651,534	24,355,886	25,804,524	77,760,883	81,456,058
Ending Net Assets	\$54,477,603	\$53,404,997	\$24,281,583	\$24,355,886	\$78,759,186	\$77,760,883

Governmental Activities

Net assets of the City's governmental activities increased \$1,072,606. This represents a 2% change from 2004. Operating grants and contributions increased substantially due to increases in Community Development Block Grants. Increases in delinquent income tax collections led to the increase in income taxes. Miscellaneous receipts increased due to contributions received for ice arena renovations.

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.

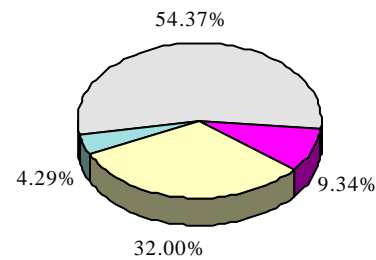
CITY OF NEWARK, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2005**

Unaudited

Income taxes and property taxes made up 47% and 7% respectively of revenues for governmental activities for the City in fiscal year 2005. The City's reliance upon tax revenues is demonstrated by the following graph indicating 54% of total revenues from general tax revenues:

Revenue Sources	2005	Percent of Total
General Tax Revenues	\$21,966,911	54.37%
Shared Revenue	3,772,913	9.34%
Program Revenues	12,928,633	32.00%
General Other	1,731,279	4.29%
Total Revenue	\$40,399,736	100.00%



Business-Type Activities

Net assets of the business-type activities decreased \$74,303. This represents less than a 1% change from the previous year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$4,920,716, which is a decrease from last year's balance of \$8,305,762. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2005 and 2004:

	Fund Balance/(Deficit) December 31, 2005	Fund Balance December 31, 2004	Increase (Decrease)
General	\$835,691	\$1,457,673	(\$621,982)
Income Tax	2,706,908	2,340,481	366,427
Community Development	466,849	231,063	235,786
Capital Improvement	(67,725)	3,301,903	(3,369,628)
Other Governmental	978,993	974,642	4,351
Total	\$4,920,716	\$8,305,762	(\$3,385,046)

CITY OF NEWARK, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2005**

Unaudited

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

	2005	2004	Increase
	<u>Revenues</u>	<u>Revenues</u>	<u>(Decrease)</u>
Taxes	\$2,153,414	\$2,133,404	\$20,010
Intergovernmental Revenue	5,082,177	4,838,617	243,560
Charges for Services	437,188	415,864	21,324
Licenses, Permits and Fees	1,617,462	1,637,294	(19,832)
Investment Earnings	368,430	166,986	201,444
Fines and Forfeitures	1,338,555	1,308,332	30,223
All Other Revenue	414,023	287,574	126,449
Total	<u>\$11,411,249</u>	<u>\$10,788,071</u>	<u>\$623,178</u>

General Fund revenues in 2005 increased \$623,178 or approximately 6% when compared with the previous year. Intergovernmental Revenue increased due to increases in homestead rollback receipts, as well as the receipt of a grant for the health department. Increases in interest rates caused an increase in investment earnings reported by the General Fund.

	2005	2004	Increase
	<u>Expenditures</u>	<u>Expenditures</u>	<u>(Decrease)</u>
Security of Persons and Property	\$16,848,034	\$16,772,871	\$75,163
Public Health and Welfare Services	2,259,429	2,308,919	(49,490)
Community Environment	1,307,334	1,332,386	(25,052)
General Government	6,575,915	6,326,390	249,525
Total	<u>\$26,990,712</u>	<u>\$26,740,566</u>	<u>\$250,146</u>

General Fund expenditures remained very stable, increasing \$250,146 or approximately 1% over the prior year.

	2005	2004	Increase
	<u>Other Financing Sources (Uses)</u>	<u>Other Financing Sources (Uses)</u>	<u>(Decrease)</u>
Sale of Capital Assets	\$144,050	\$10,527	\$133,523
Transfers In	17,112,283	17,458,180	(345,897)
Transfers Out	(2,300,476)	(2,251,444)	(49,032)
Total	<u>\$14,955,857</u>	<u>\$15,217,263</u>	<u>(\$261,406)</u>

CITY OF NEWARK, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2005

Unaudited

Income Tax Fund – The City's Income Tax Fund balance increased \$366,427, or 16%. This was the result of increases in income tax receipts.

Community Development Fund – The Community Development Fund balance increased over 100% during 2005. This increase in fund balance was the result of decreases in expenditures.

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

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

During the course of fiscal year 2005 the City amended its General Fund budget several times, none significant.

For the General Fund, budget basis revenue of \$11.5 million did not significantly change from original budget estimates of \$11.4 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2005 the City had \$94,725,828 net of accumulated depreciation invested in land, buildings, infrastructure, equipment and vehicles. Of this total, \$61,231,438 was related to governmental activities and \$33,494,390 to the business-type activities. The following table shows fiscal year 2005 and 2004 balances:

	Governmental Activities		Increase (Decrease)
	2005	2004	
Land	\$15,702,989	\$15,547,178	\$155,811
Construction In Progress	0	4,079,135	(4,079,135)
Buildings	18,152,649	9,829,225	8,323,424
Improvements Other than Buildings	4,862,092	4,051,428	810,664
Infrastructure	50,291,399	48,387,383	1,904,016
Machinery and Equipment	15,228,322	13,657,312	1,571,010
Less: Accumulated Depreciation	(43,006,013)	(40,409,708)	(2,596,305)
Totals	<u>\$61,231,438</u>	<u>\$55,141,953</u>	<u>\$6,089,485</u>

CITY OF NEWARK, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2005**

Unaudited

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

	Business-Type Activities		Increase (Decrease)
	2005	2004	
Land	\$170,500	\$170,500	\$0
Construction in Progress	632,201	70,000	562,201
Buildings and Improvements	28,842,240	28,842,240	0
Infrastructure	8,120,663	7,449,528	671,135
Machinery and Equipment	33,113,646	32,983,189	130,457
Less: Accumulated Depreciation	(37,384,860)	(35,004,511)	(2,380,349)
Totals	<u>\$33,494,390</u>	<u>\$34,510,946</u>	<u>(\$1,016,556)</u>

Increases in construction in progress can be attributed to the Licking River Interceptor Project, while increases in infrastructure was the result of storm water additions. Additional information on the City's capital assets can be found in Note 8.

Debt

At December 31, 2005, the City had \$22.9 million in General Obligation bonds outstanding, \$1.3 million due within one year. The following table summarizes the City's debt outstanding as of December 31, 2005 and 2004:

	2005	2004
Governmental Activities:		
General Obligation Bonds	\$13,084,991	\$13,489,991
Special Assessment Bonds	45,000	65,000
Capital Leases	1,748,827	133,235
Accrued Pension Liability	2,088,940	2,124,038
Compensated Absences	3,283,383	3,105,070
Total Governmental Activities	<u>20,251,141</u>	<u>18,917,334</u>
Business-Type Activities:		
General Obligation Bonds	\$9,887,329	\$10,711,128
Special Assessment Bonds	46,156	51,284
OWDA Loans	6,912,121	6,630,766
Compensated Absences	606,971	589,297
Total Business-Type Activities	<u>17,452,577</u>	<u>17,982,475</u>
Totals	<u>\$37,703,718</u>	<u>\$36,899,809</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, 2005, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 11.

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. Additional T.I.F. projects are being planned during 2005 and 2006 to increase and improve development in the north Newark area.

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

The 2005 budget contained funding for a major street paving campaign. The city income tax was increased by the voters in 2001 to allow for a police station to be built and construction of a replacement fire station. Both projects are now completed and preliminary plans are under for the replacement of another fire station. The 2006 budget is projected to increase by approximately 5 percent.

REQUESTS FOR INFORMATION

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

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



CITY OF NEWARK, OHIO

**Statement of Net Assets
December 31, 2005**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 6,386,546	\$ 1,726,616	\$ 8,113,162
Investments	3,606,903	5,016,804	8,623,707
Receivables:			
Taxes	6,473,885	0	6,473,885
Accounts	187,984	1,305,418	1,493,402
Intergovernmental	4,483,617	0	4,483,617
Interest	39,591	306	39,897
Special Assessments	68,342	0	68,342
Loans	3,505,757	0	3,505,757
Internal Balance	(441,342)	441,342	0
Inventory of Supplies at Cost	282,428	456,469	738,897
Prepaid Items	67,869	25,833	93,702
Deferred Charge	0	70,988	70,988
Restricted Assets:			
Cash and Cash Equivalents	236,098	0	236,098
Cash and Cash Equivalents with Fiscal Agent	0	14,057	14,057
Investments	551,882	0	551,882
Non-Depreciable Capital Assets	15,702,989	802,701	16,505,690
Depreciable Capital Assets, net	45,528,449	32,691,689	78,220,138
Total Assets	86,680,998	42,552,223	129,233,221
Liabilities:			
Accounts Payable	1,598,592	288,689	1,887,281
Accrued Wages and Benefits	2,281,600	240,420	2,522,020
Intergovernmental Payable	19,087	0	19,087
Retainage Payable	4,806	0	4,806
Matured Bonds and Interest Payable	0	14,057	14,057
Deferred Revenue	3,022,580	0	3,022,580
Accrued Interest Payable	180,048	274,897	454,945
General Obligation Notes Payable	4,827,500	0	4,827,500
Compensated Absences Payable	18,041	0	18,041
Noncurrent liabilities:			
Due within one year	2,828,013	1,501,183	4,329,196
Due in more than one year	17,423,128	15,951,394	33,374,522
Total Liabilities	32,203,395	18,270,640	50,474,035
Net Assets:			
Invested in Capital Assets, Net of Related Debt	41,575,185	16,658,851	58,234,036
Restricted For:			
Debt Service	213,926	0	213,926
Street Improvement	1,109,017	0	1,109,017
Community Environment	4,827,557	0	4,827,557
Cemetery Maintenance:			
Expendable	302,662	0	302,662
Nonexpendable	594,738	0	594,738
Other Purposes	1,937,205	0	1,937,205
Unrestricted	3,917,313	7,622,732	11,540,045
Total Net Assets	\$ 54,477,603	\$ 24,281,583	\$ 78,759,186

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

**Statement of Activities
For the Year Ended December 31, 2005**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 18,253,664	\$ 1,488,751	\$ 924,953	\$ 47,000
Leisure Time Activities	1,967,952	134,677	0	264,554
Community Environment	2,852,477	13,881	1,975,752	0
Public Health and Welfare Services	2,889,892	760,013	975,146	0
Transportation	5,212,238	346,262	3,126,499	1,272,659
General Government	7,628,709	1,598,486	0	0
Interest and Fiscal Charges	745,884	0	0	0
Total Governmental Activities	39,550,816	4,342,070	7,002,350	1,584,213
Business-Type Activities:				
Water	6,052,567	5,590,409	0	0
Sewer	5,064,620	5,607,198	0	0
Storm Water	548,172	0	0	617,135
Total Business-Type Activities	11,665,359	11,197,607	0	617,135
Totals	\$ 51,216,175	\$ 15,539,677	\$ 7,002,350	\$ 2,201,348

General Revenues

Property Taxes Levied for:

General Purposes

Special Purposes

Capital Purposes

Income Tax

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (15,792,960)	\$ 0	\$ (15,792,960)
(1,568,721)	0	(1,568,721)
(862,844)	0	(862,844)
(1,154,733)	0	(1,154,733)
(466,818)	0	(466,818)
(6,030,223)	0	(6,030,223)
(745,884)	0	(745,884)
<u>(26,622,183)</u>	<u>0</u>	<u>(26,622,183)</u>
0	(462,158)	(462,158)
0	542,578	542,578
0	68,963	68,963
<u>0</u>	<u>149,383</u>	<u>149,383</u>
<u>(26,622,183)</u>	<u>149,383</u>	<u>(26,472,800)</u>
2,085,941	0	2,085,941
409,649	0	409,649
437,843	0	437,843
19,033,478	0	19,033,478
3,772,913	0	3,772,913
433,890	0	433,890
1,297,389	0	1,297,389
223,686	(223,686)	0
<u>27,694,789</u>	<u>(223,686)</u>	<u>27,471,103</u>
1,072,606	(74,303)	998,303
<u>53,404,997</u>	<u>24,355,886</u>	<u>77,760,883</u>
<u>\$ 54,477,603</u>	<u>\$ 24,281,583</u>	<u>\$ 78,759,186</u>

CITY OF NEWARK, OHIO

**Balance Sheet
Governmental Funds
December 31, 2005**

	General	Income Tax	Community Development
Assets:			
Cash and Cash Equivalents	\$ 479,447	\$ 147,149	\$ 151,631
Investments	1,275,633	431,467	444,606
Receivables:			
Taxes	2,581,942	3,369,428	0
Accounts	99,954	0	0
Intergovernmental	1,789,000	0	922,421
Interest	34,095	0	795
Special Assessments	0	0	0
Loans	0	0	3,505,757
Interfund Loans Receivable	162,822	0	0
Inventory of Supplies, at Cost	66,735	0	0
Prepaid Items	54,571	0	29
Restricted Assets:			
Cash and Cash Equivalents	0	0	0
Investments	0	0	0
Total Assets	\$ 6,544,199	\$ 3,948,044	\$ 5,025,239
Liabilities:			
Accounts Payable	\$ 562,133	\$ 34,807	\$ 106,735
Accrued Wages and Benefits Payable	1,452,708	31,302	22,488
Intergovernmental Payable	18,098	0	989
Retainage Payable	0	0	0
Interfund Loans Payable	0	0	0
Deferred Revenue	3,659,490	1,175,027	4,428,178
Compensated Absences Payable	16,079	0	0
Accrued Interest Payable	0	0	0
General Obligation Notes Payable	0	0	0
Total Liabilities	5,708,508	1,241,136	4,558,390
Fund Balance:			
Reserved for Encumbrances	186,072	84,903	362,969
Reserved for Prepaid Items	54,571	0	29
Reserved for Supplies Inventory	66,735	0	0
Reserved for Debt Service	0	0	0
Reserved for Endowments	0	0	0
Undesignated, Unreserved in:			
General Fund	528,313	0	0
Special Revenue Funds	0	2,622,005	103,851
Capital Projects Funds (Deficit)	0	0	0
Total Fund Balance	835,691	2,706,908	466,849
Total Liabilities and Fund Balance	\$ 6,544,199	\$ 3,948,044	\$ 5,025,239

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 382,303	\$ 3,305,030	\$ 4,465,560
1,120,977	334,220	3,606,903
0	522,515	6,473,885
0	88,030	187,984
0	1,772,196	4,483,617
0	2,446	37,336
0	68,342	68,342
0	0	3,505,757
0	0	162,822
0	215,693	282,428
0	13,269	67,869
0	236,098	236,098
0	551,882	551,882
<u>\$ 1,503,280</u>	<u>\$ 7,109,721</u>	<u>\$ 24,130,483</u>
\$ 255,085	\$ 629,675	\$ 1,588,435
0	157,405	1,663,903
0	0	19,087
4,806	0	4,806
0	162,822	162,822
0	1,565,613	10,828,308
0	1,962	18,041
9,114	87,751	96,865
<u>1,302,000</u>	<u>3,525,500</u>	<u>4,827,500</u>
<u>1,571,005</u>	<u>6,130,728</u>	<u>19,209,767</u>
404,834	728,210	1,766,988
0	13,269	67,869
0	215,693	282,428
0	141,623	141,623
0	594,738	594,738
0	0	528,313
0	1,702,869	4,428,725
<u>(472,559)</u>	<u>(2,417,409)</u>	<u>(2,889,968)</u>
<u>(67,725)</u>	<u>978,993</u>	<u>4,920,716</u>
<u>\$ 1,503,280</u>	<u>\$ 7,109,721</u>	<u>\$ 24,130,483</u>

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2005***

Total Governmental Fund Balances		\$ 4,920,716
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		61,231,438
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		7,805,728
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		854,045
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds Payable	(13,084,991)	
Special Assessment Bonds Payable	(45,000)	
Capital Leases Payable	(1,748,827)	
Accrued Pension Liability	(2,088,940)	
Compensated Absences Payable	(3,283,383)	
Accrued Interest Payable	(83,183)	
		<u>(20,334,324)</u>
<i>Net Assets of Governmental Activities</i>		<u><u>\$ 54,477,603</u></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, 2005**

	General	Income Tax	Community Development
Revenues:			
Taxes	\$ 2,153,414	\$ 18,764,782	\$ 0
Intergovernmental Revenues	5,082,177	0	1,373,879
Charges for Services	437,188	0	0
Licenses, Permits and Fees	1,617,462	0	0
Investment Earnings	368,430	0	7,036
Special Assessments	0	0	0
Fines and Forfeitures	1,338,555	0	0
All Other Revenue	414,023	795	164,732
Total Revenue	11,411,249	18,765,577	1,545,647
Expenditures:			
Current:			
Security of Persons and Property	16,848,034	0	0
Public Health and Welfare Services	2,259,429	0	0
Leisure Time Activities	0	0	0
Community Environment	1,307,334	0	1,306,132
Transportation	0	0	0
General Government	6,575,915	1,051,860	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	26,990,712	1,051,860	1,306,132
Excess (Deficiency) of Revenues Over Expenditures	(15,579,463)	17,713,717	239,515
Other Financing Sources (Uses):			
Sale of Capital Assets	144,050	0	0
Other Financing Sources - Capital Lease	0	0	0
Transfers In	17,112,283	0	0
Transfers Out	(2,300,476)	(17,347,290)	(3,729)
Total Other Financing Sources (Uses)	14,955,857	(17,347,290)	(3,729)
Net Change in Fund Balance	(623,606)	366,427	235,786
Fund Balance at Beginning of Year	1,457,673	2,340,481	231,063
Increase (Decrease) in Inventory Reserve	1,624	0	0
Fund Balance (Deficit) End of Year	\$ 835,691	\$ 2,706,908	\$ 466,849

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 0	\$ 847,521	\$ 21,765,717
63,234	4,232,421	10,751,711
0	706,296	1,143,484
0	10,863	1,628,325
26,248	32,176	433,890
0	48,518	48,518
0	218,223	1,556,778
13,572	704,267	1,297,389
<u>103,054</u>	<u>6,800,285</u>	<u>38,625,812</u>
0	574,505	17,422,539
0	697,891	2,957,320
0	1,842,136	1,842,136
0	178,301	2,791,767
0	3,754,392	3,754,392
0	133,836	7,761,611
6,847,310	248,098	7,095,408
280,000	145,000	425,000
485,451	248,140	733,591
<u>7,612,761</u>	<u>7,822,299</u>	<u>44,783,764</u>
(7,509,707)	(1,022,014)	(6,157,952)
0	93,677	237,727
1,698,762	0	1,698,762
2,478,861	1,670,087	21,261,231
(37,544)	(731,322)	(20,420,361)
<u>4,140,079</u>	<u>1,032,442</u>	<u>2,777,359</u>
(3,369,628)	10,428	(3,380,593)
3,301,903	974,642	8,305,762
0	(6,077)	(4,453)
<u>\$ (67,725)</u>	<u>\$ 978,993</u>	<u>\$ 4,920,716</u>

***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, 2005***

Net Change in Fund Balances - Total Governmental Funds \$ (3,380,593)

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 outlays exceeded depreciation in the current period.

Capital Outlay	9,052,360	
Depreciation Expense	<u>(2,899,131)</u>	6,153,229

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

The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets.		(93,864)
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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. 656,527

The issuance of long-term debt (e.g. notes, leases) provides current financial resources to governmental funds, however, has no effect on net assets.
Capital Leases Issued (1,698,762)

Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

General Obligation Bond Principal Payment	405,000	
Special Assessment Bond Principal Payment	20,000	
Capital Lease Principal Payment	83,170	
Pension Liability Principal Payment	<u>35,098</u>	543,268

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (12,293)

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	(178,313)	
Change in Inventory	<u>(4,453)</u>	(182,766)

Internal Service Funds used by management to charge the costs of insurance information services and electrical services to individual funds are not reported in the statement of activities. Governmental fund expenditures and related internal service revenues are eliminated. The net revenue (expense) of the internal service funds is allocated among the governmental activities. (912,140)

Change in Net Assets of Governmental Activities \$ 1,072,606

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, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,077,537	\$ 2,100,584	\$ 2,153,414	\$ 52,830
Intergovernmental Revenue	4,919,008	4,973,576	5,053,448	79,872
Charges for Services	574,705	581,080	439,867	(141,213)
Licenses, Permits and Fees	1,628,425	1,646,489	1,636,185	(10,304)
Investment Earnings	247,900	250,650	397,808	147,158
Fines and Forfeitures	1,335,188	1,350,000	1,342,831	(7,169)
All Other Revenues	569,205	575,519	498,301	(77,218)
Total Revenues	<u>11,351,968</u>	<u>11,477,898</u>	<u>11,521,854</u>	<u>43,956</u>
Expenditures:				
Current:				
Security of Persons and Property	16,490,450	17,590,666	17,098,459	492,207
Public Health and Welfare Services	2,271,543	2,423,095	2,336,866	86,229
Community Environment	1,267,777	1,352,348	1,316,865	35,483
General Government	6,522,815	6,957,991	6,684,481	273,510
Total Expenditures	<u>26,552,585</u>	<u>28,324,100</u>	<u>27,436,671</u>	<u>887,429</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,200,617)	(16,846,202)	(15,914,817)	931,385
Other Financing Sources (Uses):				
Sale of Capital Assets	123,000	123,000	144,050	21,050
Transfers In	35,580,040	35,580,040	35,055,722	(524,318)
Transfers Out	(20,968,237)	(20,968,237)	(20,243,915)	724,322
Advances In	483,519	483,519	483,519	0
Advances Out	(162,822)	(162,822)	(162,822)	0
Total Other Financing Sources (Uses):	<u>15,055,500</u>	<u>15,055,500</u>	<u>15,276,554</u>	<u>221,054</u>
Net Change in Fund Balance	(145,117)	(1,790,702)	(638,263)	1,152,439
Fund Balance at Beginning of Year	1,072,116	1,072,116	1,072,116	0
Prior Year Encumbrances	701,332	701,332	701,332	0
Fund Balance at End of Year	<u>\$ 1,628,331</u>	<u>\$ (17,254)</u>	<u>\$ 1,135,185</u>	<u>\$ 1,152,439</u>

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Income Tax Fund
For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 18,340,000	\$ 18,340,000	\$ 18,663,701	\$ 323,701
All Other Revenues	0	0	795	795
Total Revenues	<u>18,340,000</u>	<u>18,340,000</u>	<u>18,664,496</u>	<u>324,496</u>
Expenditures:				
General Government	<u>1,175,944</u>	<u>1,231,217</u>	<u>1,136,806</u>	<u>94,411</u>
Total Expenditures	<u>1,175,944</u>	<u>1,231,217</u>	<u>1,136,806</u>	<u>94,411</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,164,056	17,108,783	17,527,690	418,907
Other Financing Sources (Uses):				
Transfers Out	<u>(17,347,290)</u>	<u>(17,347,290)</u>	<u>(17,347,290)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(17,347,290)</u>	<u>(17,347,290)</u>	<u>(17,347,290)</u>	<u>0</u>
Net Change in Fund Balance	(183,234)	(238,507)	180,400	418,907
Fund Balance at Beginning of Year	220,223	220,223	220,223	0
Prior Year Encumbrances	<u>58,283</u>	<u>58,283</u>	<u>58,283</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 95,272</u>	<u>\$ 39,999</u>	<u>\$ 458,906</u>	<u>\$ 418,907</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, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 3,144,936	\$ 4,051,961	\$ 1,373,879	\$ (2,678,082)
Investment Earnings	4,657	6,000	6,610	610
All Other Revenues	173,858	224,000	164,732	(59,268)
Total Revenues	<u>3,323,451</u>	<u>4,281,961</u>	<u>1,545,221</u>	<u>(2,736,740)</u>
Expenditures:				
Community Environment	<u>2,297,318</u>	<u>4,476,673</u>	<u>1,808,889</u>	<u>2,667,784</u>
Total Expenditures	<u>2,297,318</u>	<u>4,476,673</u>	<u>1,808,889</u>	<u>2,667,784</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,026,133	(194,712)	(263,668)	(68,956)
Other Financing Sources (Uses):				
Transfers Out	<u>(3,729)</u>	<u>(3,729)</u>	<u>(3,729)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(3,729)</u>	<u>(3,729)</u>	<u>(3,729)</u>	<u>0</u>
Net Change in Fund Balance	1,022,404	(198,441)	(267,397)	(68,956)
Fund Balance at Beginning of Year	(85,641)	(85,641)	(85,641)	0
Prior Year Encumbrances	<u>479,025</u>	<u>479,025</u>	<u>479,025</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,415,788</u>	<u>\$ 194,943</u>	<u>\$ 125,987</u>	<u>\$ (68,956)</u>

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2005**

	Business-Type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Storm Water	Total	
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	\$ 768,152	\$ 939,546	\$ 18,918	\$ 1,726,616	\$ 1,920,986
Investments	2,252,348	2,764,456	0	5,016,804	0
Receivables:					
Accounts	652,709	652,709	0	1,305,418	0
Interest	306	0	0	306	2,255
Inventory of Supplies at Cost	225,812	230,657	0	456,469	0
Prepaid Items	15,356	10,477	0	25,833	0
Total Current Assets	<u>3,914,683</u>	<u>4,597,845</u>	<u>18,918</u>	<u>8,531,446</u>	<u>1,923,241</u>
Noncurrent Assets:					
Restricted Assets:					
Cash and Cash Equivalents with Fiscal Agent	352	13,705	0	14,057	0
Total Restricted Assets	<u>352</u>	<u>13,705</u>	<u>0</u>	<u>14,057</u>	<u>0</u>
Deferred Charges	70,988	0	0	70,988	0
Non Depreciable Capital Assets	240,500	562,201	0	802,701	0
Depreciable Capital Assets, Net	<u>21,866,971</u>	<u>10,219,926</u>	<u>604,792</u>	<u>32,691,689</u>	<u>0</u>
Total Noncurrent Assets	<u>22,178,811</u>	<u>10,795,832</u>	<u>604,792</u>	<u>33,579,435</u>	<u>0</u>
Total Assets	<u>26,093,494</u>	<u>15,393,677</u>	<u>623,710</u>	<u>42,110,881</u>	<u>1,923,241</u>

CITY OF NEWARK, OHIO

	Business-Type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Storm Water	Total	
LIABILITIES					
Current Liabilities:					
Accounts Payable	110,946	150,347	27,396	288,689	10,157
Accrued Wages and Benefits	152,676	87,744	0	240,420	617,697
Matured Bonds and Interest Payable	352	13,705	0	14,057	0
Accrued Interest Payable	52,465	222,432	0	274,897	0
General Obligation Bonds Payable - Current	868,356	0	0	868,356	0
Special Assessment Bonds Payable - Current	0	5,128	0	5,128	0
OWDA Loans Payable - Current	0	627,699	0	627,699	0
Total Current Liabilities	<u>1,184,795</u>	<u>1,107,055</u>	<u>27,396</u>	<u>2,319,246</u>	<u>627,854</u>
Noncurrent Liabilities:					
General Obligation Bonds Payable	9,018,973	0	0	9,018,973	0
Special Assessment Bonds Payable	0	41,028	0	41,028	0
OWDA Loans Payable	0	5,757,071	527,351	6,284,422	0
Compensated Absences Payable	372,021	234,950	0	606,971	0
Total Noncurrent Liabilities	<u>9,390,994</u>	<u>6,033,049</u>	<u>527,351</u>	<u>15,951,394</u>	<u>0</u>
Total Liabilities	<u>10,575,789</u>	<u>7,140,104</u>	<u>554,747</u>	<u>18,270,640</u>	<u>627,854</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	11,656,702	4,397,357	604,792	16,658,851	0
Unrestricted	3,861,003	3,856,216	(535,829)	7,181,390	1,295,387
Total Net Assets	<u>\$ 15,517,705</u>	<u>\$ 8,253,573</u>	<u>\$ 68,963</u>	<u>23,840,241</u>	<u>\$ 1,295,387</u>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.				<u>441,342</u>	
Net Assets of Business-type Activities				<u>\$ 24,281,583</u>	

See accompanying notes to the basic financial statements



CITY OF NEWARK, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2005**

	Business-Type Activities Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	Water	Sewer	Storm Water		
Operating Revenues:					
Charges for Services	\$ 5,544,625	\$ 5,594,528	\$ 0	\$ 11,139,153	\$ 4,363,731
Other Operating Revenues	9,348	40	0	9,388	12,633
Total Operating Revenues	<u>5,553,973</u>	<u>5,594,568</u>	<u>0</u>	<u>11,148,541</u>	<u>4,376,364</u>
Operating Expenses:					
Personal Services	2,639,721	1,538,951	0	4,178,672	4,740,772
Contractual Services	1,089,526	1,048,842	535,829	2,674,197	4,700
Materials and Supplies	694,677	386,258	0	1,080,935	0
Depreciation	859,611	1,614,815	12,343	2,486,769	0
Total Operating Expenses	<u>5,283,535</u>	<u>4,588,866</u>	<u>548,172</u>	<u>10,420,573</u>	<u>4,745,472</u>
Operating Income (Loss)	270,438	1,005,702	(548,172)	727,968	(369,108)
Non-Operating Revenue (Expenses):					
Interest Income	36,436	12,630	0	49,066	14,434
Interest and Fiscal Charges	(695,553)	(471,473)	0	(1,167,026)	0
Loss on Disposal of Capital Assets	(3,318)	(4,281)	0	(7,599)	0
Capital Contributions	0	0	617,135	617,135	0
Other Nonoperating Expense	(10,443)	0	0	(10,443)	0
Total Non-Operating Revenues (Expenses)	<u>(672,878)</u>	<u>(463,124)</u>	<u>617,135</u>	<u>(518,867)</u>	<u>14,434</u>
Income (Loss) Before Transfers	(402,440)	542,578	68,963	209,101	(354,674)
Transfers:					
Transfers In	742,842	7,564	0	750,406	97,816
Transfers Out	(117,025)	(857,067)	0	(974,092)	(715,000)
Total Transfers	<u>625,817</u>	<u>(849,503)</u>	<u>0</u>	<u>(223,686)</u>	<u>(617,184)</u>
Change in Net Assets	223,377	(306,925)	68,963	(14,585)	(971,858)
Net Assets Beginning of Year	15,294,328	8,560,498	0	23,854,826	2,267,245
Net Assets End of Year	<u>\$ 15,517,705</u>	<u>\$ 8,253,573</u>	<u>\$ 68,963</u>	<u>23,840,241</u>	<u>\$ 1,295,387</u>
Change in Net Assets - Total Enterprise Funds				\$ (14,585)	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.				(59,718)	
Change in Net Assets - Business-type Activities				<u>\$ (74,303)</u>	

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2005**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Storm Water
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$5,563,376	\$5,603,971	\$0
Cash Payments for Goods and Services	(1,820,237)	(1,453,906)	(508,433)
Cash Payments to Employees	(2,658,121)	(1,526,475)	0
Net Cash Provided (Used) by Operating Activities	1,085,018	2,623,590	(508,433)
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	921,857	157,564	0
Transfers Out to Other Funds	(296,040)	(1,007,067)	0
Net Cash Provided (Used) by Noncapital Financing Activities	625,817	(849,503)	0
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(244,052)	(640,468)	0
Principal Paid on General Obligation Bonds	(874,752)	0	0
Ohio Water Development Authority Loans Issued	0	337,096	527,351
Principal Paid on Ohio Water Development Authority Loans	0	(583,092)	0
Principal Paid on Special Assessment Bond	0	(5,128)	0
Interest Paid on All Debt	(624,931)	(490,946)	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,743,735)	(1,382,538)	527,351
<u>Cash Flows from Investing Activities:</u>			
Sale (Purchase) of Investments	197,377	(2,764,456)	0
Receipts of Interest	38,798	13,537	0
Net Cash Provided (Used) by Investing Activities	236,175	(2,750,919)	0
Net Increase (Decrease) in Cash and Cash Equivalents	203,275	(2,359,370)	18,918
Cash and Cash Equivalents at Beginning of Year	565,229	3,312,621	0
Cash and Cash Equivalents at End of Year	\$768,504	\$953,251	\$18,918
<u>Reconciliation of Cash and</u>			
<u>Cash Equivalents per the Statement of Net Assets:</u>			
Cash and Cash Equivalents	\$768,152	\$939,546	\$18,918
Restricted Cash with Fiscal Agent	352	13,705	0
Cash and Cash Equivalents at End of Year	\$768,504	\$953,251	\$18,918

CITY OF NEWARK, OHIO

<u>Totals</u>	<u>Governmental- Activities Internal Services</u>
\$11,167,347	\$4,376,364
(3,782,576)	(4,700)
<u>(4,184,596)</u>	<u>(4,469,398)</u>
<u>3,200,175</u>	<u>(97,734)</u>
1,079,421	97,816
<u>(1,303,107)</u>	<u>(715,000)</u>
<u>(223,686)</u>	<u>(617,184)</u>
(884,520)	0
(874,752)	0
864,447	0
(583,092)	0
(5,128)	0
<u>(1,115,877)</u>	<u>0</u>
<u>(2,598,922)</u>	<u>0</u>
(2,567,079)	0
52,335	12,179
<u>(2,514,744)</u>	<u>12,179</u>
(2,137,177)	(702,739)
<u>3,877,850</u>	<u>2,623,725</u>
<u>\$1,740,673</u>	<u>\$1,920,986</u>
\$1,726,616	\$1,920,986
14,057	0
<u>\$1,740,673</u>	<u>\$1,920,986</u>

(Continued)

CITY OF NEWARK, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2005**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Storm Water
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$270,438	\$1,005,702	(\$548,172)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	859,611	1,614,815	12,343
Miscellaneous Nonoperating Expense	(10,443)	0	0
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	9,403	9,403	0
Increase in Inventory	(40,263)	(7,196)	0
(Increase) Decrease in Prepaid Items	6,281	(5,785)	0
Increase (Decrease) in Accounts Payable	8,391	(5,825)	27,396
Increase (Decrease) in Accrued Wages and Benefits	(18,203)	(5,395)	0
Increase (Decrease) in Compensated Absences	(197)	17,871	0
Total Adjustments	814,580	1,617,888	39,739
Net Cash Provided by Operating Activities	<u>\$1,085,018</u>	<u>\$2,623,590</u>	<u>(\$508,433)</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2005 the Water and Sewer Funds had outstanding liabilities of \$6,006 and \$10,301, 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>
\$727,968	(\$369,108)
2,486,769	0
(10,443)	0
18,806	0
(47,459)	0
496	0
29,962	(7,531)
(23,598)	278,905
17,674	0
<u>2,472,207</u>	<u>271,374</u>
<u>\$3,200,175</u>	<u>(\$97,734)</u>

CITY OF NEWARK, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2005***

	<u>Agency Funds</u>
Assets:	
Restricted Assets:	
Cash and Cash Equivalents	\$ 467,040
Total Assets	<u>467,040</u>
Liabilities:	
Intergovernmental Payable	162,068
Due to Others	<u>304,972</u>
Total Liabilities	<u>467,040</u>
Total Net Assets	<u>\$ 0</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

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, 2005 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which include the following services: police and fire protection, parks and recreation, planning, zoning, street maintenance and other governmental services. In addition, the City owns and operates a water treatment and distribution system, 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, 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, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

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

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

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

Internal Service Funds - To account for the accumulation and allocation of costs associated with insurance and worker's compensation incurred by the City.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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, and fines for the Licking County law library. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

C. Basis of Presentation – Financial Statements

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

D. Basis of Accounting

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

Special assessment installments including related accrued interest, which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes, which are measurable at December 31, 2005 but are not intended to finance 2005 operations, and delinquent property taxes whose availability is indeterminate, are recorded as deferred revenue as further described in Note 4.

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

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

E. Budgetary Process

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Tax Budget

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

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2005.

3. Appropriations

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

4. Lapsing of Appropriations

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

5. Budgetary Basis of Accounting

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

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

	Net Change in Fund Balances		
	General Fund	Income Tax Fund	Community Development Fund
GAAP Basis (as reported)	(\$623,606)	\$366,427	\$235,786
Increase (Decrease):			
Accrued Revenues at December 31, 2005 received during 2006	(394,619)	(2,194,401)	(795)
Accrued Revenues at December 31, 2004 received during 2005	825,921	2,093,320	369
Accrued Expenditures at December 31, 2005 paid during 2006	2,049,018	66,109	130,212
Accrued Expenditures at December 31, 2004 paid during 2005	(1,726,474)	(31,345)	(162,902)
2004 Prepaids for 2005	36,148	0	212
2005 Prepaids for 2006	(54,571)	0	(29)
Outstanding Encumbrances	(750,080)	(119,710)	(470,250)
Budget Basis	<u>(\$638,263)</u>	<u>\$180,400</u>	<u>(\$267,397)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

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

The City had invested funds in the STAR Ohio during 2005. 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, 2005.

H. Inventory

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2005, 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, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

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

2. Property, Plant and Equipment - Business Type Activities

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

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

3. Depreciation

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

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

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

L. Compensated Absences

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences (Continued)

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," the City records a liability for vacation time and sick leave when the obligation is attributable to services previously rendered or to rights that vest or accumulate, and when payment of the obligation is probable and can be reasonably determined. For governmental funds, 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 Assets

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

N. Pensions

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

O. Interfund Activity

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Interfund Activity (Continued)

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

P. Reservations of Fund Balance

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

Q. 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.

R. 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 fiscal year 2005.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities - The fund deficits at December 31, 2005 of \$1,398 in the Parks and Recreation Fund, \$147 in the Compost Facility Fund, (special revenue funds) and \$10,739 in the Bikeway Upgrade Fund (capital projects fund) arose from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the budgetary/cash basis. The fund deficits of \$544,934 in the Ice Arena Renovation Fund (special revenue fund), \$67,725 in the Capital Improvement Fund, \$989,092 in the Deo Drive Improvement Fund, and \$1,641,184 in the East Main Street Bridge Replacement Fund (capital projects funds) are the result of recording notes payable amounts in the individual fund balance sheets. The General Fund provides transfers when cash is required, not when accruals occur.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

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

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

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

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.

A. Deposits

At year end the carrying amount of the City's deposits was \$9,038,017 and the bank balance was \$9,502,025. Federal depository insurance covered \$520,000 of the bank balance and \$8,982,025 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>\$8,982,025</u>
Total Balance	<u><u>\$8,982,025</u></u>

B. Investments

The City's investments at December 31, 2005 are summarized below:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>		
			<u>less than 1</u>	<u>1-3</u>	<u>3-5</u>
Repurchase Agreement	\$710,482	N/A	\$710,482	\$0	\$0
STAR Ohio	2,399,858	AAAm ¹	2,399,858	0	0
Corporate Bonds	39,126	BBB-AAAm ¹	19,931	19,195	0
FHLMC	1,474,085	AAA ^{1,2}	981,210	0	492,875 ^a
FHLB	3,840,915	AAA ^{1,2}	2,063,097	1,777,818 ^b	0
FNMA	503,463	AAA ^{1,2}	493,750	9,713	0
Total Investments	<u>\$8,967,929</u>		<u>\$6,668,328</u>	<u>\$1,806,726</u>	<u>\$492,875</u>

¹ Standard & Poor's

² Moody's Investor Service

^a Call Option – January 2006, and quarterly thereafter

^b Call Option – January 2006, and quarterly thereafter

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

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

B. Investments (Continued)

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. Of the City’s total investments, 16.4% are FHLMC, 42.8% are FHLB, and 5.6% are FNMA.

Custodial Credit Risk – The City’s balance of investments are held by the trust department of it’s banking institution in the City’s name.

C. Reconciliation of Cash, Cash Equivalents and Investments

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

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

	Cash and Cash Equivalents	Investments
Per Financial Statements	\$8,830,357	\$9,175,589
Certificates of Deposit (with maturities of more than 3 months)	3,318,000	(3,318,000)
Investments:		
STAR Ohio	(2,399,858)	2,399,858
Repurchase Agreement	(710,482)	710,482
Per GASB Statement No. 3	<u>\$9,038,017</u>	<u>\$8,967,929</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 4 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2005 were levied after October 1, 2004 on assessed values as of January 1, 2004, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be reevaluated every six years and equalization adjustments made in the third year following the reappraisal. The last revaluation was completed for tax year 2005. Real property taxes are payable annually or semiannually. If paid annually, payment is due January 31; if paid semiannually, the first payment is due February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

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

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

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

The full tax rate for the City's operations for the year ended December 31, 2005 was \$3.70 per \$1,000 of assessed value. The assessed value upon which the 2005 levy was based was \$828,435,710. This amount constitutes \$737,127,230 in real property assessed value, \$23,373,180 in public utility assessed value and \$67,935,300 in tangible personal property assessed value.

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

NOTE 4 - 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 5 - RECEIVABLES

Receivables at December 31, 2005 consisted of taxes, interest, accounts, loans, special assessments and intergovernmental receivables arising from shared revenues.

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2005 consist of the following individual fund receivables and payables:

<u>Fund</u>	<u>Interfund Loans Receivable</u>	<u>Interfund Loans Payable</u>
General Fund	\$162,822	\$0
Other Governmental Funds	<u>0</u>	<u>162,822</u>
Totals	<u>\$162,822</u>	<u>\$162,822</u>

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 7 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2005:

Fund	Transfer In	Transfer Out
General Fund	\$17,112,283	\$2,300,476
Income Tax Fund	0	17,347,290
Community Development Fund	0	3,729
Capital Improvement Fund	2,478,861	37,544
Other Governmental Funds	1,670,087	731,322
Total Governmental Funds	21,261,231	20,420,361
Water Fund	742,842	117,025
Sewer Fund	7,564	857,067
Total Proprietary Funds	750,406	974,092
Internal Service Funds	97,816	715,000
Totals	\$22,109,453	\$22,109,453

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

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

NOTE 8 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2005:

Historical Cost:

Class	December 31, 2004	Additions	Deletions	December 31, 2005
<i>Capital assets not being depreciated:</i>				
Land	\$15,547,178	\$155,811	\$0	\$15,702,989
Construction in Progress	4,079,135	0	(4,079,135)	0
Sub-Total	19,626,313	155,811	(4,079,135)	15,702,989
<i>Capital assets being depreciated:</i>				
Buildings	9,829,225	8,323,424	0	18,152,649
Improvements Other than Buildings	4,051,428	810,664	0	4,862,092
Infrastructure	48,387,383	2,252,775	(348,759)	50,291,399
Machinery and Equipment	13,657,312	1,588,821	(17,811)	15,228,322
Total Cost	\$95,551,661	\$13,131,495	(\$4,445,705)	\$104,237,451

Accumulated Depreciation:

Class	December 31, 2004	Additions	Deletions	December 31, 2005
Buildings	(\$3,672,125)	(\$284,276)	\$0	(\$3,956,401)
Improvements Other than Buildings	(2,603,397)	(200,183)	0	(2,803,580)
Infrastructure	(24,002,973)	(1,504,389)	276,590	(25,230,772)
Machinery and Equipment	(10,131,213)	(895,430)	11,383	(11,015,260)
Total Depreciation	(\$40,409,708)	(\$2,884,278) *	\$287,973	(\$43,006,013)
Net Value:	\$55,141,953			\$61,231,438

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$717,374
Leisure Time Activities	97,548
Community Environment	45,497
Public Health and Welfare	63,525
Transportation	1,735,741
General Government	224,593
Total Depreciation Expense	\$2,884,278

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

NOTE 8 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2005:

Historical Cost:

Class	December 31, 2004	Additions	Deletions	December 31, 2005
Capital assets not being depreciated:				
Land	\$170,500	\$0	\$0	\$170,500
Construction in Progress	70,000	562,201	0	632,201
Sub-Total	240,500	562,201	0	802,701
Capital assets being depreciated:				
Buildings and Improvements	28,842,240	0	0	28,842,240
Infrastructure	7,449,528	671,135	0	8,120,663
Machinery and Equipment	32,983,189	244,476	(114,019)	33,113,646
Total Cost	\$69,515,457	\$1,477,812	(\$114,019)	\$70,879,250

Accumulated Depreciation:

Class	December 31, 2004	Additions	Deletions	December 31, 2005
Buildings and Improvements	(\$7,827,906)	(\$769,993)	\$0	(\$8,597,899)
Infrastructure	(3,360,466)	(118,733)	0	(3,479,199)
Machinery and Equipment	(23,816,139)	(1,598,043)	106,420	(25,307,762)
Total Depreciation	(\$35,004,511)	(\$2,486,769)	\$106,420	(\$37,384,860)
Net Value:	\$34,510,946			\$33,494,390

NOTE 9 – DEFINED BENEFIT PENSION PLANS

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

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

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

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by the Ohio PERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

The Ohio PERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, 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 the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2005, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 8.5%. The 2005 employer contribution rate for local government employer units was 13.55%, of covered payroll, 9.55% to fund the pension and 4.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2005, 2004, and 2003 were \$1,732,762, \$1,670,062 and \$1,654,894, respectively, which were equal to the required contributions for each year.

The Ohio PERS provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit under the TP and CO plans and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2005 employer contribution rate (identified above) that was used to fund health care for the year 2005 was 4.0% of covered payroll which amounted to \$511,516.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System’s latest actuarial review performed as of December 31, 2004. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2004 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants for the TP and CO Plans was 376,109. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2004 is \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.5 billion and \$18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, will be effective January 1, 2007. In addition to the HCPP, Ohio PERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2005, 2004, and 2003 were \$882,024, \$809,856 and \$742,754 for police and \$1,192,182, \$1,070,794 and \$1,009,045 for firefighters, respectively, which were equal to the required contributions for each year.

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

The portion of the 2005 covered payroll that was used to fund postemployment health care benefits was \$350,548 representing 7.75% of covered payroll for police and \$384,975 representing 7.75% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2004, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,812 for police and 10,528 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2004 were \$102,173,796, which was net of member contributions of \$55,665,341.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 10 - NOTES PAYABLE

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

	Balance January 1, 2005	Issued (Retired)	Balance December 31, 2005
Capital Projects Notes Payable:			
1.50% Deo Drive Extension	\$1,125,000	(\$1,125,000)	\$0
2.27% Deo Drive Extension	0	1,125,000	1,125,000
2.34% East Main Street Bridge Replacement	1,759,000	(1,759,000)	0
3.12% East Main Street Bridge Replacement	0	1,759,000	1,759,000
2.07% Police and Fire Facilities	1,302,000	(1,302,000)	0
3.19% Police and Fire Facilities	0	1,302,000	1,302,000
3.25% Cemetery Improvements	0	91,500	91,500
3.42% Ice Rink Renovations	0	550,000	550,000
Total Capital Projects Notes Payable	<u>\$4,186,000</u>	<u>\$641,500</u>	<u>\$4,827,500</u>

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CITY OF NEWARK, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2005 were as follows:

		Balance December 31, 2004	Additions	Deductions	Balance December 31, 2005	Amount Due Within One Year
Governmental Activities:						
General Obligation Bond:						
East Main Street Improvement	2019	\$2,660,000	\$0	(\$125,000)	\$2,535,000	\$130,000
Police and Fire Facilities	2031	10,829,991	0	(280,000)	10,549,991	285,000
Total General Obligation Bonds		<u>13,489,991</u>	<u>0</u>	<u>(405,000)</u>	<u>13,084,991</u>	<u>415,000</u>
Special Assessment Bond:						
(with governmental commitment)						
Hudson Avenue Street Lighting	2007	65,000	0	(20,000)	45,000	20,000
Capital Leases		133,235	1,698,762	(83,170)	1,748,827	381,906
Accrued Pension Liability		2,124,038	0	(35,098)	2,088,940	36,604
Compensated Absences Payable		3,105,070	3,283,383	(3,105,070)	3,283,383	1,974,503
Total Governmental Activities		<u>18,917,334</u>	<u>4,982,145</u>	<u>(3,648,338)</u>	<u>20,251,141</u>	<u>2,828,013</u>
Business-Type Activities:						
General Obligation Bond:						
Water System Improvement	2008	1,046,307	0	(374,752)	671,555	348,356
Bond Discount		(22,222)	7,611	0	(14,611)	0
		<u>1,024,085</u>	<u>7,611</u>	<u>(374,752)</u>	<u>656,944</u>	<u>348,356</u>
Water System						
Improvement Refunding	2018	10,293,825	0	(500,000)	9,793,825	520,000
Deferred Loss on Early Retirement of Debt		(606,782)	43,342	0	(563,440)	0
		<u>9,687,043</u>	<u>43,342</u>	<u>(500,000)</u>	<u>9,230,385</u>	<u>520,000</u>
Total General Obligation Bonds		<u>10,711,128</u>	<u>50,953</u>	<u>(874,752)</u>	<u>9,887,329</u>	<u>868,356</u>
Special Assessment Bond:						
(with governmental commitment)						
Morgan Manor	2015	51,284	0	(5,128)	46,156	5,128
Ohio Water Development:						
Authority Loan (OWDA):						
Sewer Improvements		6,630,766	0	(583,092)	6,047,674	627,699
Licking River Interceptor		0	337,096	0	337,096	0
Stormwater Utility		0	527,351	0	527,351	0
Total OWDA Loans		<u>6,630,766</u>	<u>864,447</u>	<u>(583,092)</u>	<u>6,912,121</u>	<u>627,699</u>
Compensated Absences		589,297	606,971	(589,297)	606,971	0
Total Business-Type Activities		<u>17,982,475</u>	<u>1,522,371</u>	<u>(2,052,269)</u>	<u>17,452,577</u>	<u>1,501,183</u>
Totals		<u>\$36,899,809</u>	<u>\$6,504,516</u>	<u>(\$5,700,607)</u>	<u>\$37,703,718</u>	<u>\$4,329,196</u>

The principal amount of the City's special assessment debt outstanding at December 31, 2005, \$91,156, 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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

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

The City's liability for past service costs relating to the Police and Firemen's Pension Fund at December 31, 2005 was \$3,681,874 in principal and interest payments through the year 2036. Only the principal amount of \$2,088,940 is included in the Government-wide Statement of Net Assets.

B. Future Long-Term Financing Requirements

A summary of the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2005 follows:

Years	General Obligation Bonds		Special Assessment Bond		OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$1,228,799	\$1,220,537	\$20,000	\$3,240	\$583,091	\$507,254
2006	1,232,612	1,213,833	20,000	2,250	627,699	462,647
2007	1,242,648	1,204,040	25,000	1,250	675,718	414,628
2008	1,766,658	684,257	0	0	727,410	362,936
2009	1,846,658	608,183	0	0	783,056	307,289
2010-2014	6,025,585	6,370,362	0	0	3,233,792	582,415
2015-2019	4,238,154	6,842,481	0	0	0	0
2020-2024	2,325,005	1,361,590	0	0	0	0
2025-2029	2,920,000	755,727	0	0	0	0
2030-2031	1,375,000	98,801	0	0	0	0
Totals	<u>\$24,201,119</u>	<u>\$20,359,811</u>	<u>\$65,000</u>	<u>\$6,740</u>	<u>\$6,630,766</u>	<u>\$2,637,169</u>

Years	Accrued Pension Liability		Capital Leases		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$35,098	\$89,902	\$42,014	\$7,461	\$1,909,002	\$1,828,394
2006	36,604	88,396	44,367	5,108	1,961,282	1,772,234
2007	38,178	86,822	46,854	2,624	2,028,398	1,709,364
2008	39,816	85,184	0	0	2,533,884	1,132,377
2009	41,526	83,474	0	0	2,671,240	998,946
2010-2014	235,970	389,030	0	0	9,495,347	7,341,807
2015-2019	291,194	333,806	0	0	4,529,348	7,176,287
2020-2024	359,338	265,662	0	0	2,684,343	1,627,252
2025-2029	1,046,314	260,560	0	0	3,966,314	1,016,287
2030-2031	0	0	0	0	1,375,000	98,801
Totals	<u>\$2,124,038</u>	<u>\$1,682,836</u>	<u>\$133,235</u>	<u>\$15,193</u>	<u>\$33,154,158</u>	<u>\$24,701,749</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

C. Defeasance of General Obligation Debt

In December 1998, the City defeased \$12,045,000 of Water System Improvement Bonds for Water Improvements dated June 1, 1993 (the "1993 Bond") through the issuance of \$13,093,825 of Water System Improvement Refunding Bonds (the "1998 Bonds"). The net proceeds of the 1998 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$12,045,000 at December 31, 2005 are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

D. Ohio Water Development Authority Loans

Licking River Interceptor - 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 wastewater improvements. 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 charges and is received by the City in increments as the project is completed. As of December 31, 2005, the City had received \$337,096 from OWDA. Subsequent amounts will be received in future years. An estimate of future financing requirements has been made based on the \$337,096 loan balance at December 31, 2005.

Storm Water Utility - 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 improvements. The total amount is subject to change and has not been finalized. The interest rate on the loan is 3.20%, per annum. This loan is payable from storm water charges and is received by the City in increments as the project is completed. As of December 31, 2005, the City had received \$527,351 from OWDA. Subsequent amounts will be received in future years. An estimate of future financing requirements has been made based on the \$527,351 loan balance at December 31, 2005.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 12 - CAPITALIZED LEASES

The City leases a several assets under capital leases. The original cost of the equipment, \$2,008,762, and the related liability are reported on the Government – wide Statement of Net Assets.

The following is a schedule of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of December 31, 2005:

<u>Year Ending December 31,</u>	<u>Capital Leases</u>
2006	\$444,238
2007	480,075
2008	384,235
2009	285,158
2010	285,158
2011	<u>35,834</u>
Minimum Lease Payments	1,914,698
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(165,871)</u>
Present value of minimum lease payments	<u><u>\$1,748,827</u></u>

NOTE 13 - INSURANCE AND RISK MANAGEMENT

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

A. Ohio Municipal League Joint Self-Insurance Pool

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 13 - INSURANCE AND RISK MANAGEMENT (Continued)

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

The City of Newark obtained insurance coverage from the Pool for years 2005 and 2006 for losses relating to general liability, law enforcement liability, public officials liability, emergency medical services liability and garage keepers coverage.

The City of Newark carried commercial insurance coverage for the years 2005 through 2006 for all other risks, including property, boiler and machinery, and crime and auto. There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

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

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

Treaty basis casualty excess of loss contracts in force at December 31, 2005 generally protects the Pool against individual losses over \$150,000.

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

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

B. Workers' Compensation

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

NOTE 14 - CONTINGENCIES

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



*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Street Department Fund

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

Cemetery Fund

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

Parks and Recreation Fund

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

Traffic Control Fund

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

Compost Facility Fund

To account for monies collected from composting fees.

Veterans Memorial Sidewalk Fund

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

Police Grant Fund

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

Police/Fire Pension Fund

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

Cemetery Rental Fund

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

(Continued)

Special Revenue Funds

State Highway Fund

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

Law Enforcement Fund

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

Ohio Incident Based Reporting System Fund

To account for federal grant monies to be used for a statewide crime statistics reporting system.

Court Computerization Fund

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

Ice Arena Renovation Fund

To account for note proceeds and donations used for renovation of the ice arena.

Broadcast Fund

To account for grant monies received and appropriated to provide for telecasting city council meetings. (The Balance Sheet and Income Statement is not presented because there are no assets, liabilities or Gaap basis revenues and expenditures at year end.)

Permissive License Tax Fund

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

Probation Grant Fund

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

Impound Fund

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

Federal Transit Administration (FTA) Fund

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

(Continued)

Special Revenue Funds

Litter Grant Fund

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

Federal Emergency Management Act (FEMA) Fund

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

Mary E. Barnes Trust Fund

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

Brownfield Cleanup Fund

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

Judicial Fund

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

Debt Service Fund

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

Debt Service Fund

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

Capital Projects Funds

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

City Hall Upgrade Fund

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

Deo Drive Improvement Fund

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

Bikeway Upgrade Fund

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

East Main Street Bridge Replacement Fund

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

Court Capital Improvement Fund

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

Tax Increment Financing (TIF) Fund

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

Permanent Fund

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

Cemetery Endowment Fund

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

CITY OF NEWARK, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2005**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 2,468,581	\$ 145,622	\$ 690,827	\$ 0	\$ 3,305,030
Investments	334,220	0	0	0	334,220
Receivables:					
Taxes	522,515	0	0	0	522,515
Accounts	85,601	0	2,429	0	88,030
Intergovernmental	1,609,435	0	162,761	0	1,772,196
Interest	2,446	0	0	0	2,446
Special Assessments	0	68,342	0	0	68,342
Inventory of Supplies, at Cost	215,693	0	0	0	215,693
Prepaid Items	13,269	0	0	0	13,269
Restricted Assets:					
Cash and Cash Equivalents	193,242	0	0	42,856	236,098
Investments	0	0	0	551,882	551,882
Total Assets	\$ 5,445,002	\$ 213,964	\$ 856,017	\$ 594,738	\$ 7,109,721
Liabilities:					
Accounts Payable	\$ 613,751	\$ 0	\$ 15,924	\$ 0	\$ 629,675
Accrued Wages and Benefits Payable	157,405	0	0	0	157,405
Interfund Loans Payable	5,246	0	157,576	0	162,822
Deferred Revenue	1,497,271	68,342	0	0	1,565,613
Compensated Absences Payable	1,962	0	0	0	1,962
Accrued Interest Payable	5,896	0	81,855	0	87,751
General Obligation Notes Payable	641,500	0	2,884,000	0	3,525,500
Total Liabilities	2,923,031	68,342	3,139,355	0	6,130,728
Fund Balance:					
Reserved for Encumbrances	590,140	3,999	134,071	0	728,210
Reserved for Prepaid Items	13,269	0	0	0	13,269
Reserved for Supplies Inventory	215,693	0	0	0	215,693
Reserved for Debt Service	0	141,623	0	0	141,623
Reserved for Endowments	0	0	0	594,738	594,738
Undesignated/Unreserved	1,702,869	0	(2,417,409)	0	(714,540)
Total Fund Balance	2,521,971	145,622	(2,283,338)	594,738	978,993
Total Liabilities and Fund Balance	\$ 5,445,002	\$ 213,964	\$ 856,017	\$ 594,738	\$ 7,109,721

CITY OF NEWARK, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2005**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$ 409,678	\$ 0	\$ 437,843	\$ 0	\$ 847,521
Intergovernmental Revenues	3,828,839	0	403,582	0	4,232,421
Charges for Services	699,912	0	0	6,384	706,296
Licenses, Permits and Fees	10,863	0	0	0	10,863
Investment Earnings	35,394	0	0	(3,218)	32,176
Special Assessments	0	48,518	0	0	48,518
Fines and Forfeitures	184,457	0	33,766	0	218,223
All Other Revenue	704,250	7	10	0	704,267
Total Revenue	5,873,393	48,525	875,201	3,166	6,800,285
Expenditures:					
Current:					
Security of Persons and Property	574,505	0	0	0	574,505
Public Health and Welfare Services	697,891	0	0	0	697,891
Leisure Time Activities	1,842,136	0	0	0	1,842,136
Community Environment	178,301	0	0	0	178,301
Transportation	3,754,392	0	0	0	3,754,392
General Government	133,836	0	0	0	133,836
Capital Outlay	0	0	248,098	0	248,098
Debt Service:					
Principal Retirement	0	20,000	125,000	0	145,000
Interest and Fiscal Charges	5,896	3,942	238,302	0	248,140
Total Expenditures	7,186,957	23,942	611,400	0	7,822,299
Excess (Deficiency) of Revenues Over Expenditures	(1,313,564)	24,583	263,801	3,166	(1,022,014)
Other Financing Sources (Uses):					
Sale of Capital Assets	93,677	0	0	0	93,677
Transfers In	1,632,543	0	37,544	0	1,670,087
Transfers Out	(723,758)	(7,564)	0	0	(731,322)
Total Other Financing Sources (Uses)	1,002,462	(7,564)	37,544	0	1,032,442
Net Change in Fund Balance	(311,102)	17,019	301,345	3,166	10,428
Fund Balance (Deficit) at Beginning of Year	2,839,150	128,603	(2,584,683)	591,572	974,642
Decrease in Inventory Reserve	(6,077)	0	0	0	(6,077)
Fund Balance (Deficit) End of Year	\$ 2,521,971	\$ 145,622	\$ (2,283,338)	\$ 594,738	\$ 978,993

CITY OF NEWARK, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2005**

	Street Department	Cemetery	Parks and Recreation	Traffic Control	Compost Facility
Assets:					
Cash and Cash Equivalents	\$ 90,560	\$ 383,985	\$ 44,744	\$ 4,459	\$ 2,965
Investments	265,537	0	0	0	0
Receivables:					
Taxes	0	0	0	0	0
Accounts	0	60,299	8,597	150	0
Intergovernmental	1,000,686	0	0	0	0
Interest	0	2,102	0	0	0
Inventory of Supplies, at Cost	91,965	0	0	123,728	0
Prepaid Items	4,816	824	3,922	91	0
Restricted Assets:					
Cash and Cash Equivalents	0	0	0	0	0
Total Assets	\$ 1,453,564	\$ 447,210	\$ 57,263	\$ 128,428	\$ 2,965
Liabilities:					
Accounts Payable	\$ 127,550	\$ 11,153	\$ 37,273	\$ 275	\$ 3,112
Accrued Wages and Benefits Payable	91,199	18,971	21,388	2,765	0
Interfund Loans Payable	0	0	0	0	0
Deferred Revenue	667,124	60,299	0	0	0
Accrued Interest Payable	0	1,768	0	0	0
General Obligation Notes Payable	0	91,500	0	0	0
Compensated Absences Payable	1,962	0	0	0	0
Total Liabilities	887,835	183,691	58,661	3,040	3,112
Fund Balance:					
Reserved for Encumbrances	31,752	3,342	7,571	2,956	0
Reserved for Prepaid Items	4,816	824	3,922	91	0
Reserved for Supplies Inventory	91,965	0	0	123,728	0
Undesignated/Unreserved	437,196	259,353	(12,891)	(1,387)	(147)
Total Fund Balance	565,729	263,519	(1,398)	125,388	(147)
Total Liabilities and Fund Balance	\$ 1,453,564	\$ 447,210	\$ 57,263	\$ 128,428	\$ 2,965

CITY OF NEWARK, OHIO

Veterans Memorial Sidewalk	Police Grant	Police/Fire Pension	Cemetery Rental	State Highway	Law Enforcement	Ohio Incident Based Reporting System
\$ 97,867	\$ 0	\$ 92,720	\$ 18,537	\$ 5,909	\$ 153,629	\$ 0
0	0	0	0	0	0	0
0	0	522,515	0	0	0	0
0	0	0	0	0	1,010	0
0	28,254	0	0	81,136	100	36,638
344	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	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 98,211</u>	<u>\$ 28,254</u>	<u>\$ 615,235</u>	<u>\$ 18,537</u>	<u>\$ 87,045</u>	<u>\$ 154,739</u>	<u>\$ 36,638</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,032	\$ 29,245
0	7,160	0	0	0	0	0
0	2,446	0	0	0	0	2,800
0	0	522,515	0	54,091	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>9,606</u>	<u>522,515</u>	<u>0</u>	<u>54,091</u>	<u>6,032</u>	<u>32,045</u>
830	8,335	0	0	0	7,191	17,097
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>97,381</u>	<u>10,313</u>	<u>92,720</u>	<u>18,537</u>	<u>32,954</u>	<u>141,516</u>	<u>(12,504)</u>
<u>98,211</u>	<u>18,648</u>	<u>92,720</u>	<u>18,537</u>	<u>32,954</u>	<u>148,707</u>	<u>4,593</u>
<u>\$ 98,211</u>	<u>\$ 28,254</u>	<u>\$ 615,235</u>	<u>\$ 18,537</u>	<u>\$ 87,045</u>	<u>\$ 154,739</u>	<u>\$ 36,638</u>

(Continued)

CITY OF NEWARK, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2005**

	Court Computerization	Ice Arena Renovation	Permissive License Tax	Probation Grant	Impound
Assets:					
Cash and Cash Equivalents	\$ 154,424	\$ 272,286	\$ 444,007	\$ 21,078	\$ 89,654
Investments	0	0	0	0	0
Receivables:					
Taxes	0	0	0	0	0
Accounts	4,020	0	0	0	1,919
Intergovernmental	0	0	0	19,634	0
Interest	0	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0	0
Prepaid Items	0	0	0	0	407
Restricted Assets:					
Cash and Cash Equivalents	0	0	193,242	0	0
Total Assets	\$ 158,444	\$ 272,286	\$ 637,249	\$ 40,712	\$ 91,980
Liabilities:					
Accounts Payable	\$ 405	\$ 263,092	\$ 39,399	\$ 0	\$ 4,759
Accrued Wages and Benefits Payable	0	0	0	5,763	0
Interfund Loans Payable	0	0	0	0	0
Deferred Revenue	0	0	193,242	0	0
Accrued Interest Payable	0	4,128	0	0	0
General Obligation Notes Payable	0	550,000	0	0	0
Compensated Absences Payable	0	0	0	0	0
Total Liabilities	405	817,220	232,641	5,763	4,759
Fund Balance:					
Reserved for Encumbrances	8,635	9,479	395,782	3,300	23,456
Reserved for Prepaid Items	0	0	0	0	407
Reserved for Supplies Inventory	0	0	0	0	0
Undesignated/Unreserved	149,404	(554,413)	8,826	31,649	63,358
Total Fund Balance	158,039	(544,934)	404,608	34,949	87,221
Total Liabilities and Fund Balance	\$ 158,444	\$ 272,286	\$ 637,249	\$ 40,712	\$ 91,980

CITY OF NEWARK, OHIO

Federal Transit Administration	Litter Grant	FEMA	Mary E. Barnes Trust	Brownfield Cleanup	Judicial	Total Nonmajor Special Revenue Funds
\$ 151,827	\$ 24,976	\$ 143,223	\$ 56,970	\$ 19,624	\$ 195,137	\$ 2,468,581
0	0	0	68,683	0	0	334,220
0	0	0	0	0	0	522,515
2,432	0	0	0	0	7,174	85,601
420,783	22,204	0	0	0	0	1,609,435
0	0	0	0	0	0	2,446
0	0	0	0	0	0	215,693
3,209	0	0	0	0	0	13,269
0	0	0	0	0	0	193,242
<u>\$ 578,251</u>	<u>\$ 47,180</u>	<u>\$ 143,223</u>	<u>\$ 125,653</u>	<u>\$ 19,624</u>	<u>\$ 202,311</u>	<u>\$ 5,445,002</u>
\$ 50,903	\$ 10,537	\$ 20,392	\$ 0	\$ 9,624	\$ 0	\$ 613,751
3,930	6,229	0	0	0	0	157,405
0	0	0	0	0	0	5,246
0	0	0	0	0	0	1,497,271
0	0	0	0	0	0	5,896
0	0	0	0	0	0	641,500
0	0	0	0	0	0	1,962
<u>54,833</u>	<u>16,766</u>	<u>20,392</u>	<u>0</u>	<u>9,624</u>	<u>0</u>	<u>2,923,031</u>
0	3,362	57,052	0	10,000	0	590,140
3,209	0	0	0	0	0	13,269
0	0	0	0	0	0	215,693
<u>520,209</u>	<u>27,052</u>	<u>65,779</u>	<u>125,653</u>	<u>0</u>	<u>202,311</u>	<u>1,702,869</u>
<u>523,418</u>	<u>30,414</u>	<u>122,831</u>	<u>125,653</u>	<u>10,000</u>	<u>202,311</u>	<u>2,521,971</u>
<u>\$ 578,251</u>	<u>\$ 47,180</u>	<u>\$ 143,223</u>	<u>\$ 125,653</u>	<u>\$ 19,624</u>	<u>\$ 202,311</u>	<u>\$ 5,445,002</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, 2005**

	Street Department	Cemetery	Parks and Recreation	Traffic Control	Compost Facility
Revenues:					
Taxes	\$ 0	\$ 224	\$ 715	\$ 0	\$ 0
Intergovernmental Revenues	1,724,547	0	0	0	0
Charges for Services	0	134,331	123,814	0	13,881
Licenses, Permits and Fees	0	0	10,863	0	0
Investment Earnings	0	28,275	0	0	0
Fines and Forfeitures	0	0	0	0	0
All Other Revenue	10,824	11,490	25,146	4,952	0
Total Revenue	1,735,371	174,320	160,538	4,952	13,881
Expenditures:					
Current:					
Security of Persons and Property	0	0	0	50,379	0
Public Health and Welfare Services	0	539,212	0	0	0
Leisure Time Activities	0	0	630,635	0	0
Community Environment	0	0	0	0	28,770
Transportation	2,538,609	0	0	0	0
General Government	0	0	0	0	0
Debt Service:					
Interest and Fiscal Charges	0	1,768	0	0	0
Total Expenditures	2,538,609	540,980	630,635	50,379	28,770
Excess (Deficiency) of Revenues Over Expenditures	(803,238)	(366,660)	(470,097)	(45,427)	(14,889)
Other Financing Sources (Uses):					
Sale of Capital Assets	0	0	0	0	0
Transfers In	702,561	271,007	443,322	48,247	15,295
Transfers Out	0	(12,500)	(39,000)	0	0
Total Other Financing Sources (Uses)	702,561	258,507	404,322	48,247	15,295
Net Change in Fund Balance	(100,677)	(108,153)	(65,775)	2,820	406
Fund Balance (Deficit) at Beginning of Year	681,438	371,672	64,377	113,613	(553)
Increase (Decrease) in Inventory Reserve	(15,032)	0	0	8,955	0
Fund Balance (Deficit) End of Year	\$ 565,729	\$ 263,519	\$ (1,398)	\$ 125,388	\$ (147)

CITY OF NEWARK, OHIO

Veterans Memorial Sidewalk	Police Grant	Police/Fire Pension	Cemetery Rental	State Highway	Law Enforcement	Ohio Incident Based Reporting System
\$ 0	\$ 0	\$ 408,739	\$ 0	\$ 0	\$ 0	\$ 0
0	76,111	47,077	0	147,614	31,298	57,584
0	0	0	6,901	0	0	0
0	0	0	0	0	0	0
4,002	27	0	0	0	0	0
0	0	0	0	0	25,228	0
4,050	0	0	0	0	6,380	0
<u>8,052</u>	<u>76,138</u>	<u>455,816</u>	<u>6,901</u>	<u>147,614</u>	<u>62,906</u>	<u>57,584</u>
0	103,369	0	0	0	143,683	59,973
0	0	0	2,894	0	0	0
5,695	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>5,695</u>	<u>103,369</u>	<u>0</u>	<u>2,894</u>	<u>0</u>	<u>143,683</u>	<u>59,973</u>
2,357	(27,231)	455,816	4,007	147,614	(80,777)	(2,389)
0	0	0	0	0	0	0
0	51,949	0	0	0	0	6,982
0	0	(448,684)	(3,000)	(137,774)	0	0
0	51,949	(448,684)	(3,000)	(137,774)	0	6,982
2,357	24,718	7,132	1,007	9,840	(80,777)	4,593
95,854	(6,070)	85,588	17,530	23,114	229,484	0
0	0	0	0	0	0	0
<u>\$ 98,211</u>	<u>\$ 18,648</u>	<u>\$ 92,720</u>	<u>\$ 18,537</u>	<u>\$ 32,954</u>	<u>\$ 148,707</u>	<u>\$ 4,593</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, 2005***

	Court Computerization	Ice Arena Renovation	Permissive License Tax	Probation Grant	Impound
Revenues:					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	0	276,000	73,337	0
Charges for Services	0	0	0	0	74,723
Licenses, Permits and Fees	0	0	0	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	56,016	0	0	0	0
All Other Revenue	0	626,000	0	0	2
Total Revenue	56,016	626,000	276,000	73,337	74,725
Expenditures:					
Current:					
Security of Persons and Property	0	0	0	107,420	106,822
Public Health and Welfare Services	0	0	0	0	0
Leisure Time Activities	0	1,205,806	0	0	0
Community Environment	0	0	0	0	0
Transportation	0	0	138,234	0	0
General Government	59,370	0	0	0	0
Debt Service:					
Interest and Fiscal Charges	0	4,128	0	0	0
Total Expenditures	59,370	1,209,934	138,234	107,420	106,822
Excess (Deficiency) of Revenues Over Expenditures					
	(3,354)	(583,934)	137,766	(34,083)	(32,097)
Other Financing Sources (Uses):					
Sale of Capital Assets	0	0	0	0	93,677
Transfers In	0	39,000	0	50,451	0
Transfers Out	0	0	0	0	(80,000)
Total Other Financing Sources (Uses)	0	39,000	0	50,451	13,677
Net Change in Fund Balance	(3,354)	(544,934)	137,766	16,368	(18,420)
Fund Balance (Deficit) at Beginning of Year	161,393	0	266,842	18,581	105,641
Increase (Decrease) in Inventory Reserve	0	0	0	0	0
Fund Balance (Deficit) End of Year	\$ 158,039	\$ (544,934)	\$ 404,608	\$ 34,949	\$ 87,221

CITY OF NEWARK, OHIO

Federal Transit Administration	Litter Grant	FEMA	Mary E. Barnes Trust	Brownfield Cleanup	Judicial	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 409,678
1,065,927	133,613	195,731	0	0	0	3,828,839
346,262	0	0	0	0	0	699,912
0	0	0	0	0	0	10,863
0	0	0	3,090	0	0	35,394
0	0	0	0	0	103,213	184,457
3,478	11,928	0	0	0	0	704,250
<u>1,415,667</u>	<u>145,541</u>	<u>195,731</u>	<u>3,090</u>	<u>0</u>	<u>103,213</u>	<u>5,873,393</u>
0	0	0	2,859	0	0	574,505
0	0	0	0	155,785	0	697,891
0	0	0	0	0	0	1,842,136
0	149,531	0	0	0	0	178,301
1,077,549	0	0	0	0	0	3,754,392
0	0	74,466	0	0	0	133,836
0	0	0	0	0	0	5,896
<u>1,077,549</u>	<u>149,531</u>	<u>74,466</u>	<u>2,859</u>	<u>155,785</u>	<u>0</u>	<u>7,186,957</u>
338,118	(3,990)	121,265	231	(155,785)	103,213	(1,313,564)
0	0	0	0	0	0	93,677
0	3,729	0	0	0	0	1,632,543
0	0	(2,800)	0	0	0	(723,758)
0	3,729	(2,800)	0	0	0	1,002,462
338,118	(261)	118,465	231	(155,785)	103,213	(311,102)
185,300	30,675	4,366	125,422	165,785	99,098	2,839,150
0	0	0	0	0	0	(6,077)
<u>\$ 523,418</u>	<u>\$ 30,414</u>	<u>\$ 122,831</u>	<u>\$ 125,653</u>	<u>\$ 10,000</u>	<u>\$ 202,311</u>	<u>\$ 2,521,971</u>

CITY OF NEWARK, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2005**

	City Hall Upgrade	Deo Drive Improvement	Bikeway Upgrade	East Main St. Bridge Replacement
Assets:				
Cash and Cash Equivalents	\$ 3,800	\$ 185,139	\$ 0	\$ 150,440
Receivables:				
Accounts	0	0	0	0
Intergovernmental	0	0	162,761	0
Total Assets	\$ 3,800	\$ 185,139	\$ 162,761	\$ 150,440
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 15,924	\$ 0
Interfund Loans Payable	0	0	157,576	0
Accrued Interest Payable	0	49,231	0	32,624
General Obligation Notes Payable	0	1,125,000	0	1,759,000
Total Liabilities	0	1,174,231	173,500	1,791,624
Fund Balance:				
Reserved for Encumbrances	0	55,876	39,808	0
Undesignated/Unreserved	3,800	(1,044,968)	(50,547)	(1,641,184)
Total Fund Balance	3,800	(989,092)	(10,739)	(1,641,184)
Total Liabilities and Fund Balance	\$ 3,800	\$ 185,139	\$ 162,761	\$ 150,440

CITY OF NEWARK, OHIO

<u>Court Capital Improvement</u>	<u>Tax Increment Financing</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 227,233	\$ 124,215	\$ 690,827
2,429	0	2,429
0	0	162,761
<u>\$ 229,662</u>	<u>\$ 124,215</u>	<u>\$ 856,017</u>
\$ 0	\$ 0	\$ 15,924
0	0	157,576
0	0	81,855
0	0	2,884,000
<u>0</u>	<u>0</u>	<u>3,139,355</u>
0	38,387	134,071
<u>229,662</u>	<u>85,828</u>	<u>(2,417,409)</u>
<u>229,662</u>	<u>124,215</u>	<u>(2,283,338)</u>
<u>\$ 229,662</u>	<u>\$ 124,215</u>	<u>\$ 856,017</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, 2005**

	City Hall Upgrade	Deo Drive Improvement	Bikeway Upgrade	East Main St. Bridge Replacement
Revenues:				
Taxes	\$ 0	\$ 91,029	\$ 0	\$ 0
Intergovernmental Revenues	0	0	264,554	139,028
Fines and Forfeitures	0	0	0	0
All Other Revenue	0	10	0	0
Total Revenue	0	91,039	264,554	139,028
Expenditures:				
Capital Outlay	0	48,962	107,066	2,838
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	50,590	0	47,030
Total Expenditures	0	99,552	107,066	49,868
Excess (Deficiency) of Revenues Over Expenditures	0	(8,513)	157,488	89,160
Other Financing Sources (Uses):				
Transfers In	0	16,735	0	20,809
Total Other Financing Sources (Uses)	0	16,735	0	20,809
Net Change in Fund Balance	0	8,222	157,488	109,969
Fund Balance (Deficit) at Beginning of Year	3,800	(997,314)	(168,227)	(1,751,153)
Fund Balance (Deficit) End of Year	\$ 3,800	\$ (989,092)	\$ (10,739)	\$ (1,641,184)

CITY OF NEWARK, OHIO

<u>Court Capital Improvement</u>	<u>Tax Increment Financing</u>	<u>Total Nonmajor Capital Project Funds</u>
\$ 0	\$ 346,814	\$ 437,843
0	0	403,582
33,766	0	33,766
<u>0</u>	<u>0</u>	<u>10</u>
<u>33,766</u>	<u>346,814</u>	<u>875,201</u>
3,600	85,632	248,098
0	125,000	125,000
<u>0</u>	<u>140,682</u>	<u>238,302</u>
<u>3,600</u>	<u>351,314</u>	<u>611,400</u>
30,166	(4,500)	263,801
<u>0</u>	<u>0</u>	<u>37,544</u>
<u>0</u>	<u>0</u>	<u>37,544</u>
30,166	(4,500)	301,345
<u>199,496</u>	<u>128,715</u>	<u>(2,584,683)</u>
<u>\$ 229,662</u>	<u>\$ 124,215</u>	<u>\$ (2,283,338)</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, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,077,537	\$ 2,100,584	\$ 2,153,414	\$ 52,830
Intergovernmental Revenues	4,919,008	4,973,576	5,053,448	79,872
Charges for Services	574,705	581,080	439,867	(141,213)
Licenses, Permits and Fees	1,628,425	1,646,489	1,636,185	(10,304)
Investment Earnings	247,900	250,650	397,808	147,158
Fines and Forfeitures	1,335,188	1,350,000	1,342,831	(7,169)
All Other Revenues	569,205	575,519	498,301	(77,218)
Total Revenues	11,351,968	11,477,898	11,521,854	43,956
Expenditures:				
Security of Persons and Property:				
Flood Control:				
Materials and Supplies	984	1,050	14	1,036
Contractual Services	12,565	13,403	9,658	3,745
Total Flood Control	13,549	14,453	9,672	4,781
Police:				
Personal Services	7,129,828	7,605,519	7,594,630	10,889
Materials and Supplies	260,658	278,048	253,931	24,117
Contractual Services	512,282	546,461	488,096	58,365
Other Expenditures	6,806	7,260	6,062	1,198
Capital Outlay	8,542	9,112	4,506	4,606
Total Police	7,918,116	8,446,400	8,347,225	99,175
Fire:				
Personal Services	6,856,173	7,313,605	7,109,015	204,590
Materials and Supplies	433,592	462,521	385,358	77,163
Contractual Services	892,820	952,388	856,500	95,888
Other Expenditures	8,050	8,587	2,740	5,847
Capital Outlay	368,150	392,712	387,949	4,763
Total Fire	8,558,785	9,129,813	8,741,562	388,251
Total Security of Persons and Property	16,490,450	17,590,666	17,098,459	492,207

(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, 2005***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Public Health and Welfare Services:				
Health Department:				
Personal Services	368,465	393,048	391,009	2,039
Materials and Supplies	8,504	9,071	8,696	375
Contractual Services	39,699	42,348	37,798	4,550
Other Expenditures	<u>75,007</u>	<u>80,011</u>	<u>73,201</u>	<u>6,810</u>
Total Health Department	491,675	524,478	510,704	13,774
Sanitation:				
Personal Services	190,646	203,365	201,586	1,779
Materials and Supplies	20,030	21,366	17,472	3,894
Contractual Services	40,577	43,284	34,143	9,141
Other Expenditures	<u>13,197</u>	<u>14,078</u>	<u>12,936</u>	<u>1,142</u>
Total Sanitation	264,450	282,093	266,137	15,956
Nursing:				
Personal Services	344,294	367,264	358,341	8,923
Materials and Supplies	108,799	116,058	110,018	6,040
Contractual Services	34,280	36,568	30,503	6,065
Other Expenditures	<u>3,885</u>	<u>4,144</u>	<u>2,541</u>	<u>1,603</u>
Total Nursing	491,258	524,034	501,403	22,631
Plumbing:				
Personal Services	58,615	62,525	61,671	854
Materials and Supplies	375	400	391	9
Contractual Services	2,351	2,508	1,719	789
Other Expenditures	<u>281</u>	<u>300</u>	<u>150</u>	<u>150</u>
Total Plumbing	61,622	65,733	63,931	1,802
Dental Sealant:				
Personal Services	47,712	50,896	50,141	755
Materials and Supplies	11,319	12,074	11,779	295
Contractual Services	<u>11,187</u>	<u>11,933</u>	<u>9,736</u>	<u>2,197</u>
Total Dental Sealant	70,218	74,903	71,656	3,247
Pool and Spa:				
Materials and Supplies	1,373	1,464	1,463	1
Contractual Services	937	1,000	1,000	0
Other Expenditures	<u>37</u>	<u>40</u>	<u>0</u>	<u>40</u>
Total Pool and Spa	2,347	2,504	2,463	41

(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, 2005***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Solid Waste:				
Personal Services	57,621	61,466	61,367	99
Materials and Supplies	1,312	1,400	1,195	205
Contractual Services	1,625	1,733	1,135	598
Other Expenditures	<u>6,165</u>	<u>6,576</u>	<u>6,576</u>	<u>0</u>
Total Solid Waste	66,723	71,175	70,273	902
AIDS Grant:				
Personal Services	76,812	81,937	80,967	970
Materials and Supplies	2,413	2,574	2,269	305
Contractual Services	<u>3,739</u>	<u>3,988</u>	<u>3,516</u>	<u>472</u>
Total AIDS Grant	82,964	88,499	86,752	1,747
Miller Dental:				
Personal Services	633	675	313	362
Materials and Supplies	469	500	500	0
Contractual Services	398	425	175	250
Other Expenditures	<u>33,185</u>	<u>35,399</u>	<u>35,399</u>	<u>0</u>
Total Miller Dental	34,685	36,999	36,387	612
Immunization Plan:				
Personal Services	22,359	23,851	20,774	3,077
Materials and Supplies	778	830	705	125
Contractual Services	16,012	17,080	16,850	230
Other Expenditures	<u>773</u>	<u>825</u>	<u>245</u>	<u>580</u>
Total Immunization Plan	39,922	42,586	38,574	4,012
Indigent Women's Health Grant:				
Personal Services	1,103	1,177	1,177	0
Contractual Services	267	285	0	285
Other Expenditures	<u>27,170</u>	<u>28,982</u>	<u>28,982</u>	<u>0</u>
Total Indigent Women's Health Grant	28,540	30,444	30,159	285
Help Me Grow Grant:				
Personal Services	305,166	325,526	322,130	3,396
Materials and Supplies	7,996	8,529	4,358	4,171
Contractual Services	<u>27,995</u>	<u>29,863</u>	<u>22,510</u>	<u>7,353</u>
Total Help Me Grow Grant	341,157	363,918	348,998	14,920

(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, 2005***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Public Health Infrastructure Grant:				
Personal Services	156,827	167,290	164,402	2,888
Materials and Supplies	5,502	5,869	5,809	60
Contractual Services	86,113	91,858	88,506	3,352
Capital Outlay	47,540	50,712	50,712	0
Total Public Health Infrastructure Grant	<u>295,982</u>	<u>315,729</u>	<u>309,429</u>	<u>6,300</u>
Total Public Health and Welfare Services	<u>2,271,543</u>	<u>2,423,095</u>	<u>2,336,866</u>	<u>86,229</u>
Community Environment:				
Code Administration:				
Personal Services	1,129,242	1,204,571	1,187,447	17,124
Materials and Supplies	41,173	43,920	40,377	3,543
Contractual Services	64,574	68,882	59,959	8,923
Other Expenditures	26,226	27,975	22,126	5,849
Capital Outlay	6,562	7,000	6,956	44
Total Code Administration	<u>1,267,777</u>	<u>1,352,348</u>	<u>1,316,865</u>	<u>35,483</u>
Total Community Environment	<u>1,267,777</u>	<u>1,352,348</u>	<u>1,316,865</u>	<u>35,483</u>
General Government:				
City Council:				
Personal Services	126,905	135,372	134,698	674
Contractual Services	183	195	195	0
Total City Council	<u>127,088</u>	<u>135,567</u>	<u>134,893</u>	<u>674</u>
Clerk of Council:				
Personal Services	48,120	51,330	50,787	543
Materials and Supplies	2,071	2,209	2,056	153
Contractual Services	20,249	21,600	17,107	4,493
Total Clerk of Council	<u>70,440</u>	<u>75,139</u>	<u>69,950</u>	<u>5,189</u>
Mayor:				
Personal Services	130,557	139,267	137,956	1,311
Materials and Supplies	1,782	1,901	1,577	324
Contractual Services	28,556	30,461	29,067	1,394
Total Mayor	<u>160,895</u>	<u>171,629</u>	<u>168,600</u>	<u>3,029</u>

(Continued)

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2005***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Auditor:				
Personal Services	377,417	402,597	402,593	4
Materials and Supplies	6,407	6,834	6,590	244
Contractual Services	206,889	220,692	185,463	35,229
Total Auditor	590,713	630,123	594,646	35,477
Treasurer:				
Personal Services	96,737	103,191	102,827	364
Materials and Supplies	2,765	2,950	2,947	3
Contractual Services	11,068	11,806	11,758	48
Total Treasurer	110,570	117,947	117,532	415
Law Director:				
Personal Services	694,295	740,616	734,897	5,719
Materials and Supplies	8,277	8,829	4,969	3,860
Contractual Services	38,421	40,984	24,251	16,733
Total Law Director	740,993	790,429	764,117	26,312
Clerk of Courts:				
Personal Services	891,051	950,498	947,817	2,681
Materials and Supplies	21,901	23,362	21,850	1,512
Contractual Services	66,654	71,101	68,862	2,239
Total Clerk of Courts	979,606	1,044,961	1,038,529	6,432
Civil Service:				
Materials and Supplies	94	100	54	46
Contractual Services	25,408	27,103	24,116	2,987
Total Civil Service	25,502	27,203	24,170	3,033
Contingency-Reserve:				
Claims and Judgments	17,552	18,723	16,245	2,478
Total Contingency-Reserve	17,552	18,723	16,245	2,478
Judiciary:				
Personal Services	608,699	649,309	643,643	5,666
Materials and Supplies	17,137	18,280	16,191	2,089
Contractual Services	71,513	76,284	69,731	6,553
Total Judiciary	697,349	743,873	729,565	14,308

(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, 2005***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Personnel:				
Personal Services	186,858	199,324	190,268	9,056
Materials and Supplies	8,571	9,144	7,355	1,789
Contractual Services	49,872	53,199	44,031	9,168
Total Personnel	245,301	261,667	241,654	20,013
Adult Probation:				
Personal Services	543,898	580,185	577,986	2,199
Materials and Supplies	22,145	23,622	20,507	3,115
Contractual Services	64,630	68,942	61,225	7,717
Total Adult Probation	630,673	672,749	659,718	13,031
Night Prosecutor:				
Personal Services	8,216	8,764	8,255	509
Total Night Prosecutor	8,216	8,764	8,255	509
Service Department:				
Personal Services	191,897	204,699	192,450	12,249
Materials and Supplies	6,127	6,536	5,584	952
Contractual Services	593,059	632,626	628,493	4,133
Capital Outlay	18,749	20,000	19,950	50
Total Service Department	809,832	863,861	846,477	17,384
Engineer Department:				
Personal Services	396,811	423,285	422,294	991
Materials and Supplies	6,702	7,149	6,870	279
Contractual Services	54,513	58,150	52,164	5,986
Total Engineer Department	458,026	488,584	481,328	7,256
Information Services:				
Personal Services	131,000	139,740	138,460	1,280
Materials and Supplies	3,011	3,212	2,446	766
Contractual Services	72,307	77,131	71,241	5,890
Capital Outlay	141	150	149	1
Total Information Services	206,459	220,233	212,296	7,937

(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, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Custodial:				
Personal Services	112,739	120,261	110,596	9,665
Materials and Supplies	44,595	47,570	40,085	7,485
Contractual Services	206,848	220,648	173,609	47,039
Other Expenditures	63	67	0	67
Total Custodial	364,245	388,546	324,290	64,256
Economic Development:				
Personal Services	31,011	33,080	33,079	1
Materials and Supplies	883	942	696	246
Contractual Services	9,286	9,906	7,751	2,155
Other Expenditures	47	50	0	50
Total Economic Development	41,227	43,978	41,526	2,452
Safety Director:				
Personal Services	212,213	226,371	187,345	39,026
Materials and Supplies	3,802	4,056	1,139	2,917
Contractual Services	22,113	23,588	22,206	1,382
Total Safety Director	238,128	254,015	210,690	43,325
Total General Government	6,522,815	6,957,991	6,684,481	273,510
Total Expenditures	26,552,585	28,324,100	27,436,671	887,429
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,200,617)	(16,846,202)	(15,914,817)	931,385
Other Financing Sources (Uses):				
Sale of Capital Assets	123,000	123,000	144,050	21,050
Transfers In	35,580,040	35,580,040	35,055,722	(524,318)
Transfers Out	(20,968,237)	(20,968,237)	(20,243,915)	724,322
Advances In	483,519	483,519	483,519	0
Advances Out	(162,822)	(162,822)	(162,822)	0
Total Other Financing Sources (Uses)	15,055,500	15,055,500	15,276,554	221,054
Net Change in Fund Balance	(145,117)	(1,790,702)	(638,263)	1,152,439
Fund Balance at Beginning of Year	1,072,116	1,072,116	1,072,116	0
Prior Year Encumbrances	701,332	701,332	701,332	0
Fund Balance at End of Year	\$ 1,628,331	\$ (17,254)	\$ 1,135,185	\$ 1,152,439

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, 2005***

	INCOME TAX FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 18,340,000	\$ 18,340,000	\$ 18,663,701	\$ 323,701
All Other Revenues	0	0	795	795
Total Revenues	<u>18,340,000</u>	<u>18,340,000</u>	<u>18,664,496</u>	<u>324,496</u>
Expenditures:				
General Government:				
Personal Services	615,222	644,139	598,309	45,830
Materials and Supplies	49,155	51,465	42,717	8,748
Contractual Services	146,287	153,163	141,974	11,189
Other Expenditures	324,736	340,000	323,095	16,905
Capital Outlay	40,544	42,450	30,711	11,739
Total Expenditures	<u>1,175,944</u>	<u>1,231,217</u>	<u>1,136,806</u>	<u>94,411</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,164,056	17,108,783	17,527,690	418,907
Other Financing Sources (Uses):				
Transfers Out	(17,347,290)	(17,347,290)	(17,347,290)	0
Total Other Financing Sources (Uses)	<u>(17,347,290)</u>	<u>(17,347,290)</u>	<u>(17,347,290)</u>	<u>0</u>
Net Change in Fund Balance	(183,234)	(238,507)	180,400	418,907
Fund Balance at Beginning of Year	220,223	220,223	220,223	0
Prior Year Encumbrances	58,283	58,283	58,283	0
Fund Balance at End of Year	<u>\$ 95,272</u>	<u>\$ 39,999</u>	<u>\$ 458,906</u>	<u>\$ 418,907</u>

CITY OF NEWARK, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Special Revenue Funds
For the Year Ended December 31, 2005**

COMMUNITY DEVELOPMENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 3,144,936	\$ 4,051,961	\$ 1,373,879	\$ (2,678,082)
Investment Earnings	4,657	6,000	6,610	610
All Other Revenues	173,858	224,000	164,732	(59,268)
Total Revenues	<u>3,323,451</u>	<u>4,281,961</u>	<u>1,545,221</u>	<u>(2,736,740)</u>
Expenditures:				
Community Environment:				
Personal Services	265,275	516,929	373,810	143,119
Materials and Supplies	16,089	31,351	27,915	3,436
Contractual Services	1,961,248	3,821,789	1,350,915	2,470,874
Other Expenditures	53,680	104,604	56,249	48,355
Capital Outlay	1,026	2,000	0	2,000
Total Expenditures	<u>2,297,318</u>	<u>4,476,673</u>	<u>1,808,889</u>	<u>2,667,784</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,026,133	(194,712)	(263,668)	(68,956)
Other Financing Sources (Uses):				
Transfers Out	(3,729)	(3,729)	(3,729)	0
Total Other Financing Sources (Uses)	<u>(3,729)</u>	<u>(3,729)</u>	<u>(3,729)</u>	<u>0</u>
Net Change in Fund Balance	1,022,404	(198,441)	(267,397)	(68,956)
Fund Balance at Beginning of Year	(85,641)	(85,641)	(85,641)	0
Prior Year Encumbrances	479,025	479,025	479,025	0
Fund Balance at End of Year	<u>\$ 1,415,788</u>	<u>\$ 194,943</u>	<u>\$ 125,987</u>	<u>\$ (68,956)</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, 2005***

CAPITAL IMPROVEMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 47,000	\$ 63,234	\$ 16,234
Investment Earnings	50,000	34,409	(15,591)
All Other Revenues	14,235	13,572	(663)
Total Revenues	<u>111,235</u>	<u>111,215</u>	<u>(20)</u>
Expenditures:			
Capital Outlay	7,740,370	7,131,861	608,509
Debt Service:			
Principal Retirement	1,582,000	1,582,000	0
Interest and Fiscal Charges	483,877	482,176	1,701
Total Expenditures	<u>9,806,247</u>	<u>9,196,037</u>	<u>610,210</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,695,012)	(9,084,822)	610,190
Other Financing Sources (Uses):			
General Obligation Notes Issued	1,302,000	1,302,000	0
Transfers In	2,557,556	2,478,861	(78,695)
Transfers Out	(65,554)	(37,544)	28,010
Total Other Financing Sources (Uses)	<u>3,794,002</u>	<u>3,743,317</u>	<u>(50,685)</u>
Net Change in Fund Balance	(5,901,010)	(5,341,505)	559,505
Fund Balance at Beginning of Year	1,948,988	1,948,988	0
Prior Year Encumbrances	4,235,880	4,235,880	0
Fund Balance at End of Year	<u>\$ 283,858</u>	<u>\$ 843,363</u>	<u>\$ 559,505</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, 2005**

	STREET DEPARTMENT FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Intergovernmental Revenues	\$ 2,036,185	\$ 1,772,088	\$ (264,097)
All Other Revenues	8,500	13,455	4,955
Total Revenues	<u>2,044,685</u>	<u>1,785,543</u>	<u>(259,142)</u>
Expenditures:			
Transportation:			
Personal Services	1,725,583	1,643,837	81,746
Materials and Supplies	488,441	471,256	17,185
Contractual Services	546,813	530,815	15,998
Other Expenditures	69	69	0
Capital Outlay	1,500	1,500	0
Total Expenditures	<u>2,762,406</u>	<u>2,647,477</u>	<u>114,929</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(717,721)	(861,934)	(144,213)
Other Financing Sources (Uses):			
Transfers In	694,962	702,561	7,599
Total Other Financing Sources (Uses)	<u>694,962</u>	<u>702,561</u>	<u>7,599</u>
Net Change in Fund Balance	(22,759)	(159,373)	(136,614)
Fund Balance at Beginning of Year	274,718	274,718	0
Prior Year Encumbrances	81,471	81,471	0
Fund Balance at End of Year	<u>\$ 333,430</u>	<u>\$ 196,816</u>	<u>\$ (136,614)</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, 2005**

	CEMETERY FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Taxes	\$ 400	\$ 224	\$ (176)
Charges for Services	140,332	134,331	(6,001)
Investment Earnings	19,850	26,767	6,917
All Other Revenues	11,500	11,490	(10)
Total Revenues	<u>172,082</u>	<u>172,812</u>	<u>730</u>
Expenditures:			
Public Health and Welfare Services:			
Personal Services	329,906	327,451	2,455
Materials and Supplies	57,093	51,461	5,632
Contractual Services	143,383	105,018	38,365
Other Expenditures	1,800	1,656	144
Capital Outlay	62,668	62,446	222
Total Expenditures	<u>594,850</u>	<u>548,032</u>	<u>46,818</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(422,768)	(375,220)	47,548
Other Financing Sources (Uses):			
General Obligation Notes Issued	91,500	91,500	0
Transfers In	307,681	271,007	(36,674)
Transfers Out	(14,000)	(12,500)	1,500
Total Other Financing Sources (Uses)	<u>385,181</u>	<u>350,007</u>	<u>(35,174)</u>
Net Change in Fund Balance	(37,587)	(25,213)	12,374
Fund Balance at Beginning of Year	364,605	364,605	0
Prior Year Encumbrances	30,134	30,134	0
Fund Balance at End of Year	<u>\$ 357,152</u>	<u>\$ 369,526</u>	<u>\$ 12,374</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, 2005***

PARKS AND RECREATION FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 1,450	\$ 757	\$ (693)
Charges for Services	147,100	125,731	(21,369)
Licenses, Permits and Fees	10,500	10,773	273
All Other Revenues	17,125	16,949	(176)
Total Revenues	<u>176,175</u>	<u>154,210</u>	<u>(21,965)</u>
Expenditures:			
Leisure Time Activities:			
Parks and Recreation:			
Personal Services	405,223	373,641	31,582
Materials and Supplies	112,475	101,012	11,463
Contractual Services	141,801	129,261	12,540
Other Expenditures	91	11	80
Totals Parks and Recreation	<u>659,590</u>	<u>603,925</u>	<u>55,665</u>
Pools and Concessions:			
Materials and Supplies	1,296	290	1,006
Contractual Services	8,806	2,053	6,753
Other Expenditures	10	10	0
Total Pools and Concessions	<u>10,112</u>	<u>2,353</u>	<u>7,759</u>
Summer Recreation Program:			
Materials and Supplies	2,929	2,405	524
Contractual Services	14,612	3,166	11,446
Other Expenditures	125	0	125
Total Summer Recreation Program	<u>17,666</u>	<u>5,571</u>	<u>12,095</u>
Youth Services:			
Materials and Supplies	200	110	90
Contractual Services	6,597	5,285	1,312
Total Youth Services	<u>6,797</u>	<u>5,395</u>	<u>1,402</u>

(Continued)

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
PARKS AND RECREATION FUND			
Ice Skating Rink/Concession Trailer:			
Materials and Supplies	24,589	12,486	12,103
Contractual Services	55,830	37,812	18,018
Other Expenditures	2,380	1,189	1,191
Total Ice Skating Rink/Concession Trailer	<u>82,799</u>	<u>51,487</u>	<u>31,312</u>
Total Expenditures	<u>776,964</u>	<u>668,731</u>	<u>108,233</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(600,789)	(514,521)	86,268
Other Financing Sources (Uses):			
Transfers In	532,024	443,322	(88,702)
Transfers Out	<u>(39,000)</u>	<u>(39,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>493,024</u>	<u>404,322</u>	<u>(88,702)</u>
Net Change in Fund Balance	(107,765)	(110,199)	(2,434)
Fund Balance at Beginning of Year	(1)	(1)	0
Prior Year Encumbrances	<u>110,200</u>	<u>110,200</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,434</u>	<u>\$ 0</u>	<u>\$ (2,434)</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, 2005**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
All Other Revenues	\$ 0	\$ 4,802	\$ 4,802
Total Revenues	0	4,802	4,802
Expenditures:			
Security of Persons and Property:			
Personal Services	47,529	45,075	2,454
Materials and Supplies	5,425	3,493	1,932
Contractual Services	6,475	5,201	1,274
Total Expenditures	59,429	53,769	5,660
Excess (Deficiency) of Revenues Over (Under) Expenditures	(59,429)	(48,967)	10,462
Other Financing Sources (Uses):			
Transfers In	59,537	48,247	(11,290)
Total Other Financing Sources (Uses)	59,537	48,247	(11,290)
Net Change in Fund Balance	108	(720)	(828)
Fund Balance at Beginning of Year	(1)	(1)	0
Prior Year Encumbrances	1,949	1,949	0
Fund Balance at End of Year	\$ 2,056	\$ 1,228	\$ (828)

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, 2005**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 22,648	\$ 14,019	\$ (8,629)
Total Revenues	<u>22,648</u>	<u>14,019</u>	<u>(8,629)</u>
Expenditures:			
Community Environment:			
Personal Services	2,070	2,057	13
Contractual Services	<u>36,765</u>	<u>27,445</u>	<u>9,320</u>
Total Expenditures	<u>38,835</u>	<u>29,502</u>	<u>9,333</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,187)	(15,483)	704
Other Financing Sources (Uses):			
Transfers In	<u>16,000</u>	<u>15,295</u>	<u>(705)</u>
Total Other Financing Sources (Uses)	<u>16,000</u>	<u>15,295</u>	<u>(705)</u>
Net Change in Fund Balance	(187)	(188)	(1)
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances	<u>188</u>	<u>188</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1</u>	<u>\$ 0</u>	<u>\$ (1)</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, 2005***

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Investment Earnings	\$ 36,000	\$ 3,992	\$ (32,008)
All Other Revenues	3,000	4,050	1,050
Total Revenues	<u>39,000</u>	<u>8,042</u>	<u>(30,958)</u>
Expenditures:			
Security of Persons and Property:			
Contractual Services	<u>7,753</u>	<u>6,573</u>	<u>1,180</u>
Total Expenditures	<u>7,753</u>	<u>6,573</u>	<u>1,180</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	31,247	1,469	(29,778)
Fund Balance at Beginning of Year	94,965	94,965	0
Prior Year Encumbrances	603	603	0
Fund Balance at End of Year	<u>\$ 126,815</u>	<u>\$ 97,037</u>	<u>\$ (29,778)</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, 2005**

	POLICE GRANT FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Intergovernmental Revenues	\$ 358,510	\$ 63,705	\$ (294,805)
Investment Earnings	100	27	(73)
Total Revenues	<u>358,610</u>	<u>63,732</u>	<u>(294,878)</u>
Expenditures:			
Security of Persons and Property:			
Personal Services	96,394	90,952	5,442
Materials and Supplies	1,080	929	151
Contractual Services	42,366	12,796	29,570
Capital Outlay	8,362	8,362	0
Total Expenditures	<u>148,202</u>	<u>113,039</u>	<u>35,163</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	210,408	(49,307)	(259,715)
Other Financing Sources (Uses):			
Transfers In	20,000	51,949	31,949
Advances In	2,446	2,446	0
Advances Out	(13,423)	(13,423)	0
Total Other Financing Sources (Uses)	<u>9,023</u>	<u>40,972</u>	<u>31,949</u>
Net Change in Fund Balance	219,431	(8,335)	(227,766)
Fund Balance at Beginning of Year	(20,411)	(20,411)	0
Prior Year Encumbrances	20,411	20,411	0
Fund Balance at End of Year	<u>\$ 219,431</u>	<u>\$ (8,335)</u>	<u>\$ (227,766)</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, 2005***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 445,784	\$ 408,739	\$ (37,045)
Intergovernmental Revenues	0	47,077	47,077
Total Revenues	<u>445,784</u>	<u>455,816</u>	<u>10,032</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	445,784	455,816	10,032
Other Financing Sources (Uses):			
Transfers Out	<u>(448,684)</u>	<u>(448,684)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(448,684)</u>	<u>(448,684)</u>	<u>0</u>
Net Change in Fund Balance	(2,900)	7,132	10,032
Fund Balance at Beginning of Year	<u>85,588</u>	<u>85,588</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 82,688</u>	<u>\$ 92,720</u>	<u>\$ 10,032</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, 2005***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 7,200	\$ 6,901	\$ (299)
Total Revenues	<u>7,200</u>	<u>6,901</u>	<u>(299)</u>
Expenditures:			
Public Health and Welfare Services:			
Materials and Supplies	1,010	0	1,010
Contractual Services	<u>3,585</u>	<u>2,894</u>	<u>691</u>
Total Expenditures	<u>4,595</u>	<u>2,894</u>	<u>1,701</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,605	4,007	1,402
Other Financing Sources (Uses):			
Transfers Out	<u>(3,000)</u>	<u>(3,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(3,000)</u>	<u>(3,000)</u>	<u>0</u>
Net Change in Fund Balance	(395)	1,007	1,402
Fund Balance at Beginning of Year	17,135	17,135	0
Prior Year Encumbrances	<u>395</u>	<u>395</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 17,135</u>	<u>\$ 18,537</u>	<u>\$ 1,402</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, 2005***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 150,000	\$ 143,683	\$ (6,317)
Total Revenues	<u>150,000</u>	<u>143,683</u>	<u>(6,317)</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	150,000	143,683	(6,317)
Other Financing Sources (Uses):			
Transfers Out	<u>(150,000)</u>	<u>(137,774)</u>	<u>12,226</u>
Total Other Financing Sources (Uses)	<u>(150,000)</u>	<u>(137,774)</u>	<u>12,226</u>
Net Change in Fund Balance	0	5,909	5,909
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>\$ 5,909</u>	<u>\$ 5,909</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, 2005***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 27,000	\$ 31,198	\$ 4,198
Fines and Forfeitures	18,600	25,806	7,206
All Other Revenues	0	6,380	6,380
Total Revenues	<u>45,600</u>	<u>63,384</u>	<u>17,784</u>
Expenditures:			
Security of Persons and Property:			
Materials and Supplies	2,200	2,174	26
Contractual Services	159,600	148,700	10,900
Total Expenditures	<u>161,800</u>	<u>150,874</u>	<u>10,926</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(116,200)	(87,490)	28,710
Fund Balance at Beginning of Year	216,096	216,096	0
Prior Year Encumbrances	11,800	11,800	0
Fund Balance at End of Year	<u>\$ 111,696</u>	<u>\$ 140,406</u>	<u>\$ 28,710</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, 2005***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 66,423	\$ 20,946	\$ (45,477)
Total Revenues	<u>66,423</u>	<u>20,946</u>	<u>(45,477)</u>
Expenditures:			
Security of Persons and Property:			
Contractual Services	10,667	10,667	0
Capital Outlay	66,403	66,403	0
Total Expenditures	<u>77,070</u>	<u>77,070</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,647)	(56,124)	(45,477)
Other Financing Sources (Uses):			
Transfers In	0	6,982	6,982
Advances In	2,800	2,800	0
Total Other Financing Sources (Uses)	<u>2,800</u>	<u>9,782</u>	<u>6,982</u>
Net Change in Fund Balance	(7,847)	(46,342)	(38,495)
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (7,847)</u>	<u>\$ (46,342)</u>	<u>\$ (38,495)</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, 2005***

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Fines and Forfeitures	\$ 42,500	\$ 55,741	\$ 13,241
Total Revenues	<u>42,500</u>	<u>55,741</u>	<u>13,241</u>
Expenditures:			
General Government:			
Materials and Supplies	2,487	779	1,708
Contractual Services	74,934	64,125	10,809
Capital Outlay	<u>2,966</u>	<u>2,966</u>	<u>0</u>
Total Expenditures	<u>80,387</u>	<u>67,870</u>	<u>12,517</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(37,887)	(12,129)	25,758
Fund Balance at Beginning of Year	152,292	152,292	0
Prior Year Encumbrances	<u>5,356</u>	<u>5,356</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 119,761</u>	<u>\$ 145,519</u>	<u>\$ 25,758</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, 2005***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
ICE ARENA RENOVATION FUND			
Revenues:			
All Other Revenues	\$ 626,000	\$ 626,000	\$ 0
Total Revenues	<u>626,000</u>	<u>626,000</u>	<u>0</u>
Expenditures:			
Leisure Time Activities:			
Materials and Supplies	35,278	35,278	0
Contractual Services	1,020,098	1,020,007	91
Capital Outlay	8,000	8,000	0
Total Expenditures	<u>1,063,376</u>	<u>1,063,285</u>	<u>91</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(437,376)	(437,285)	91
Other Financing Sources (Uses):			
General Obligation Notes Issued	550,000	550,000	0
Transfers In	39,000	39,000	0
Total Other Financing Sources (Uses)	<u>589,000</u>	<u>589,000</u>	<u>0</u>
Net Change in Fund Balance	151,624	151,715	91
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 151,624</u>	<u>\$ 151,715</u>	<u>\$ 91</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, 2005***

	BROADCAST FUND		
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
General Government:			
Contractual Services	<u> 300</u>	<u> 300</u>	<u> 0</u>
Total Expenditures	<u> 300</u>	<u> 300</u>	<u> 0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u> (300)</u>	<u> (300)</u>	<u> 0</u>
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances	<u> 300</u>	<u> 300</u>	<u> 0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

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, 2005***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 526,000	\$ 526,000	\$ 0
Total Revenues	<u>526,000</u>	<u>526,000</u>	<u>0</u>
Expenditures:			
Transportation:			
Contractual Services	<u>542,842</u>	<u>534,016</u>	<u>8,826</u>
Total Expenditures	<u>542,842</u>	<u>534,016</u>	<u>8,826</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,842)	(8,016)	8,826
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances	<u>16,842</u>	<u>16,842</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 8,826</u>	<u>\$ 8,826</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, 2005**

PROBATION GRANT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 91,246	\$ 77,650	\$ (13,596)
Total Revenues	<u>91,246</u>	<u>77,650</u>	<u>(13,596)</u>
Expenditures:			
Security of Persons and Property:			
Personal Services	117,717	101,222	16,495
Materials and Supplies	5,486	2,730	2,756
Contractual Services	7,397	6,150	1,247
Other Expenditures	211	0	211
Total Expenditures	<u>130,811</u>	<u>110,102</u>	<u>20,709</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,565)	(32,452)	7,113
Other Financing Sources (Uses):			
Transfers In	60,245	50,451	(9,794)
Advances Out	(221)	(221)	0
Total Other Financing Sources (Uses)	<u>60,024</u>	<u>50,230</u>	<u>(9,794)</u>
Net Change in Fund Balance	20,459	17,778	(2,681)
Fund Balance at Beginning of Year	(555)	(555)	0
Prior Year Encumbrances	555	555	0
Fund Balance at End of Year	<u>\$ 20,459</u>	<u>\$ 17,778</u>	<u>\$ (2,681)</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, 2005**

IMPOUND FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 64,200	\$ 84,615	\$ 20,415
All Other Revenues	0	2	2
Total Revenues	<u>64,200</u>	<u>84,617</u>	<u>20,417</u>
Expenditures:			
Security of Persons and Property:			
Personal Services	33,997	33,957	40
Materials and Supplies	2,020	1,750	270
Contractual Services	102,279	99,841	2,438
Other Expenditures	10	10	0
Total Expenditures	<u>138,306</u>	<u>135,558</u>	<u>2,748</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(74,106)	(50,941)	23,165
Other Financing Sources (Uses):			
Sale of Capital Assets	67,400	93,677	26,277
Transfers Out	(80,000)	(80,000)	0
Total Other Financing Sources (Uses)	<u>(12,600)</u>	<u>13,677</u>	<u>26,277</u>
Net Change in Fund Balance	(86,706)	(37,264)	49,442
Fund Balance at Beginning of Year	83,698	83,698	0
Prior Year Encumbrances	15,007	15,007	0
Fund Balance at End of Year	<u>\$ 11,999</u>	<u>\$ 61,441</u>	<u>\$ 49,442</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, 2005***

FEDERAL TRANSIT ADMINISTRATION FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 1,371,183	\$ 832,555	\$ (538,628)
Charges for Services	365,000	343,830	(21,170)
All Other Revenues	1,000	3,478	2,478
Total Revenues	<u>1,737,183</u>	<u>1,179,863</u>	<u>(557,320)</u>
Expenditures:			
Transportation:			
Personal Services	73,950	71,219	2,731
Materials and Supplies	57,133	46,188	10,945
Contractual Services	1,507,478	986,995	520,483
Other Expenditures	2,000	600	1,400
Capital Outlay	126,150	10	126,140
Total Expenditures	<u>1,766,711</u>	<u>1,105,012</u>	<u>661,699</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,528)	74,851	104,379
Fund Balance at Beginning of Year	(55,783)	(55,783)	0
Prior Year Encumbrances	85,311	85,311	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 104,379</u>	<u>\$ 104,379</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, 2005**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
LITTER GRANT FUND			
Revenues:			
Intergovernmental Revenues	\$ 131,656	\$ 121,467	\$ (10,189)
All Other Revenues	8,450	12,173	3,723
Total Revenues	<u>140,106</u>	<u>133,640</u>	<u>(6,466)</u>
Expenditures:			
Community Environment:			
Personal Services	104,469	102,050	2,419
Materials and Supplies	30,349	29,143	1,206
Contractual Services	24,371	23,840	531
Total Expenditures	<u>159,189</u>	<u>155,033</u>	<u>4,156</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,083)	(21,393)	(2,310)
Other Financing Sources (Uses):			
Transfers In	<u>2,000</u>	<u>3,729</u>	<u>1,729</u>
Total Other Financing Sources (Uses)	<u>2,000</u>	<u>3,729</u>	<u>1,729</u>
Net Change in Fund Balance	(17,083)	(17,664)	(581)
Fund Balance at Beginning of Year	23,454	23,454	0
Prior Year Encumbrances	<u>5,288</u>	<u>5,288</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 11,659</u>	<u>\$ 11,078</u>	<u>\$ (581)</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, 2005**

	FEMA FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Intergovernmental Revenues	\$ 195,730	\$ 195,731	\$ 1
Total Revenues	<u>195,730</u>	<u>195,731</u>	<u>1</u>
Expenditures:			
General Government:			
Materials and Supplies	57,764	57,764	0
Contractual Services	73,752	73,752	0
Total Expenditures	<u>131,516</u>	<u>131,516</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	64,214	64,215	1
Other Financing Sources (Uses):			
Transfers Out	(2,800)	(2,800)	0
Total Other Financing Sources (Uses)	<u>(2,800)</u>	<u>(2,800)</u>	<u>0</u>
Net Change in Fund Balance	61,414	61,415	1
Fund Balance at Beginning of Year	4,366	4,366	0
Fund Balance at End of Year	<u>\$ 65,780</u>	<u>\$ 65,781</u>	<u>\$ 1</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, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
Public Health and Welfare:			
Contractual Services	<u> 165,786</u>	<u> 165,785</u>	<u> 1</u>
Total Expenditures	<u> 165,786</u>	<u> 165,785</u>	<u> 1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u> (165,786)</u>	<u> (165,785)</u>	<u> 1</u>
Fund Balance at Beginning of Year	<u> (1)</u>	<u> (1)</u>	<u> 0</u>
Prior Year Encumbrances	<u> 165,786</u>	<u> 165,786</u>	<u> 0</u>
Fund Balance at End of Year	<u><u> (1)</u></u>	<u><u> 0</u></u>	<u><u> 1</u></u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005***

	JUDICIAL FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Fines and Forfeitures	\$ 72,000	\$ 104,305	\$ 32,305
Total Revenues	<u>72,000</u>	<u>104,305</u>	<u>32,305</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	72,000	104,305	32,305
Fund Balance at Beginning of Year	<u>90,832</u>	<u>90,832</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 162,832</u>	<u>\$ 195,137</u>	<u>\$ 32,305</u>

CITY OF NEWARK, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Fund
For the Year Ended December 31, 2005**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 25,000	\$ 48,518	\$ 23,518
All Other Revenues	0	7	7
Total Revenues	<u>25,000</u>	<u>48,525</u>	<u>23,525</u>
Expenditures:			
General Government:			
Contractual Services	2,000	0	2,000
Debt Service:			
Principal Retirement	22,436	22,436	0
Interest and Fiscal Charges	21,080	13,069	8,011
Total Expenditures	<u>45,516</u>	<u>35,505</u>	<u>10,011</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,516)	13,020	33,536
Fund Balance at Beginning of Year	125,902	125,902	0
Prior Year Encumbrances	2,701	2,701	0
Fund Balance at End of Year	<u>\$ 108,087</u>	<u>\$ 141,623</u>	<u>\$ 33,536</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, 2005***

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

CITY OF NEWARK, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2005**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 90,000	\$ 91,029	\$ 1,029
All Other Revenues	0	10	10
Total Revenues	<u>90,000</u>	<u>91,039</u>	<u>1,039</u>
Expenditures:			
Capital Outlay	147,959	104,839	43,120
Debt Service:			
Principal Retirement	1,125,000	1,125,000	0
Interest and Fiscal Charges	18,875	16,734	2,141
Total Expenditures	<u>1,291,834</u>	<u>1,246,573</u>	<u>45,261</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,201,834)	(1,155,534)	46,300
Other Financing Sources (Uses):			
General Obligation Notes Issued	1,125,000	1,125,000	0
Transfers In	16,800	16,735	(65)
Total Other Financing Sources (Uses)	<u>1,141,800</u>	<u>1,141,735</u>	<u>(65)</u>
Net Change in Fund Balance	(60,034)	(13,799)	46,235
Fund Balance at Beginning of Year	80,102	80,102	0
Prior Year Encumbrances	62,959	62,959	0
Fund Balance at End of Year	<u>\$ 83,027</u>	<u>\$ 129,262</u>	<u>\$ 46,235</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, 2005***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 689,592	\$ 417,415	\$ (272,177)
Total Revenues	<u>689,592</u>	<u>417,415</u>	<u>(272,177)</u>
Expenditures:			
Capital Outlay	<u>219,716</u>	<u>160,848</u>	<u>58,868</u>
Total Expenditures	<u>219,716</u>	<u>160,848</u>	<u>58,868</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	469,876	256,567	(213,309)
Other Financing Sources (Uses):			
Advances In	157,576	157,576	0
Advances Out	<u>(469,875)</u>	<u>(469,875)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(312,299)</u>	<u>(312,299)</u>	<u>0</u>
Net Change in Fund Balance	157,577	(55,732)	(213,309)
Fund Balance at Beginning of Year	(128,022)	(128,022)	0
Prior Year Encumbrances	<u>128,022</u>	<u>128,022</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 157,577</u>	<u>\$ (55,732)</u>	<u>\$ (213,309)</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, 2005***

EAST MAIN ST. BRIDGE REPLACEMENT FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 139,100	\$ 139,028	\$ (72)
Total Revenues	<u>139,100</u>	<u>139,028</u>	<u>(72)</u>
Expenditures:			
Capital Outlay	13,200	2,838	10,362
Debt Service:			
Principal Retirement	1,759,000	1,759,000	0
Interest and Fiscal Charges	46,679	20,809	25,870
Total Expenditures	<u>1,818,879</u>	<u>1,782,647</u>	<u>36,232</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,679,779)	(1,643,619)	36,160
Other Financing Sources (Uses):			
General Obligation Notes Issued	1,759,000	1,759,000	0
Transfers In	70,000	20,809	(49,191)
Total Other Financing Sources (Uses)	<u>1,829,000</u>	<u>1,779,809</u>	<u>(49,191)</u>
Net Change in Fund Balance	149,221	136,190	(13,031)
Fund Balance at Beginning of Year	<u>14,250</u>	<u>14,250</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 163,471</u>	<u>\$ 150,440</u>	<u>\$ (13,031)</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, 2005***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 24,000	\$ 33,793	\$ 9,793
Total Revenues	<u>24,000</u>	<u>33,793</u>	<u>9,793</u>
Expenditures:			
Capital Outlay	<u>3,600</u>	<u>3,600</u>	<u>0</u>
Total Expenditures	<u>3,600</u>	<u>3,600</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,400	30,193	9,793
Fund Balance at Beginning of Year	<u>197,040</u>	<u>197,040</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 217,440</u>	<u>\$ 227,233</u>	<u>\$ 9,793</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, 2005***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 375,000	\$ 346,814	\$ (28,186)
Total Revenues	<u>375,000</u>	<u>346,814</u>	<u>(28,186)</u>
Expenditures:			
Capital Outlay	164,229	124,019	40,210
Debt Service:			
Principal Retirement	125,000	125,000	0
Interest and Fiscal Charges	140,683	140,682	1
Total Expenditures	<u>429,912</u>	<u>389,701</u>	<u>40,211</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(54,912)	(42,887)	12,025
Fund Balance at Beginning of Year	89,486	89,486	0
Prior Year Encumbrances	39,229	39,229	0
Fund Balance at End of Year	<u>\$ 73,803</u>	<u>\$ 85,828</u>	<u>\$ 12,025</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Fund
For the Year Ended December 31, 2005***

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Charges for Services	\$ 10,000	\$ 6,384	\$ (3,616)
Total Revenues	<u>10,000</u>	<u>6,384</u>	<u>(3,616)</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,000	6,384	(3,616)
Fund Balance at Beginning of Year	<u>590,335</u>	<u>590,335</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 600,335</u>	<u>\$ 596,719</u>	<u>\$ (3,616)</u>

Internal Service Funds

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

Insurance Fund

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

Workers' Compensation Fund

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

CITY OF NEWARK, OHIO

**Combining Statement of Net Assets
Internal Service Funds
December 31, 2005**

	<u>Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
ASSETS:			
Current assets:			
Cash and Cash Equivalents	\$ 754,259	\$ 1,166,727	\$ 1,920,986
Receivables:			
Interest	<u>2,255</u>	<u>0</u>	<u>2,255</u>
Total current assets	<u>756,514</u>	<u>1,166,727</u>	<u>1,923,241</u>
Total assets	<u>756,514</u>	<u>1,166,727</u>	<u>1,923,241</u>
LIABILITIES			
Current liabilities:			
Accounts Payable	10,157	0	10,157
Accrued Wages and Benefits	<u>0</u>	<u>617,697</u>	<u>617,697</u>
Total Current Liabilities	<u>10,157</u>	<u>617,697</u>	<u>627,854</u>
Total Liabilities	<u>10,157</u>	<u>617,697</u>	<u>627,854</u>
NET ASSETS			
Unrestricted	<u>746,357</u>	<u>549,030</u>	<u>1,295,387</u>
Total Net Assets	<u>\$ 746,357</u>	<u>\$ 549,030</u>	<u>\$ 1,295,387</u>

CITY OF NEWARK, OHIO

**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2005**

	Insurance	Workers' Compensation	Total
Operating Revenues:			
Charges for Services	\$ 3,935,655	\$ 428,076	\$ 4,363,731
Other Operating Revenue	2,133	10,500	12,633
Total Operating Revenues	<u>3,937,788</u>	<u>438,576</u>	<u>4,376,364</u>
Operating Expenses:			
Personal Services	4,123,075	617,697	4,740,772
Contractual Services	0	4,700	4,700
Total Operating Expenses	<u>4,123,075</u>	<u>622,397</u>	<u>4,745,472</u>
Operating Loss	(185,287)	(183,821)	(369,108)
Nonoperating Revenue (Expenses):			
Investment Earnings	14,434	0	14,434
Total Nonoperating Revenues (Expenses)	<u>14,434</u>	<u>0</u>	<u>14,434</u>
Loss Before Transfers	(170,853)	(183,821)	(354,674)
Transfers:			
Transfers In	97,816	0	97,816
Transfers Out	0	(715,000)	(715,000)
Total Transfers	<u>97,816</u>	<u>(715,000)</u>	<u>(617,184)</u>
Change in Net Assets	(73,037)	(898,821)	(971,858)
Net Assets Beginning of Year	819,394	1,447,851	2,267,245
Net Assets End of Year	<u>\$ 746,357</u>	<u>\$ 549,030</u>	<u>\$ 1,295,387</u>

CITY OF NEWARK, OHIO**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2005**

	Insurance	Workers' Compensation	Totals
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$3,937,788	\$438,576	\$4,376,364
Cash Payments for Goods and Services	(4,130,606)	(343,492)	(4,474,098)
Net Cash Provided (Used) by Operating Activities	(192,818)	95,084	(97,734)
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	97,816	0	97,816
Transfers Out to Other Funds	0	(715,000)	(715,000)
Net Cash Provided (Used) by Noncapital Financing Activities	97,816	(715,000)	(617,184)
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	12,179	0	12,179
Net Cash Provided by Investing Activities	12,179	0	12,179
Net Decrease in Cash and Cash Equivalents	(82,823)	(619,916)	(702,739)
Cash and Cash Equivalents at Beginning of Year	837,082	1,786,643	2,623,725
Cash and Cash Equivalents at End of Year	\$754,259	\$1,166,727	\$1,920,986
<u>Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Loss	(\$185,287)	(\$183,821)	(\$369,108)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities			
Changes in Assets and Liabilities:			
Decrease in Accounts Payable	(7,531)	0	(7,531)
Increase in Accrued Wages and Benefits	0	278,905	278,905
Total Adjustments	(7,531)	278,905	271,374
Net Cash Provided (Used) by Operating Activities	(192,818)	\$95,084	(\$97,734)

Fiduciary Funds

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

Agency Funds

Municipal Court Fund

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

Fire Code Fund

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

Law Library Fund

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

CITY OF NEWARK, OHIO

***Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2005***

	Balance December 31, 2004	Additions	Deductions	Balance December 31, 2005
<u>Municipal Court Fund</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$454,456	\$4,695,533	(\$4,735,279)	\$414,710
Total Assets	<u>\$454,456</u>	<u>\$4,695,533</u>	<u>(\$4,735,279)</u>	<u>\$414,710</u>
Liabilities:				
Intergovernmental Payable	\$178,401	\$2,588,613	(\$2,604,946)	\$162,068
Due to Others	276,055	2,106,920	(2,130,333)	252,642
Total Liabilities	<u>\$454,456</u>	<u>\$4,695,533</u>	<u>(\$4,735,279)</u>	<u>\$414,710</u>
<u>Fire Code Fund</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$46,724	\$0	\$0	\$46,724
Total Assets	<u>\$46,724</u>	<u>\$0</u>	<u>\$0</u>	<u>\$46,724</u>
Liabilities:				
Due to Others	\$46,724	\$0	\$0	\$46,724
Total Liabilities	<u>\$46,724</u>	<u>\$0</u>	<u>\$0</u>	<u>\$46,724</u>
<u>Law Library Fund</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$5,606	\$57,709	(\$57,709)	\$5,606
Total Assets	<u>\$5,606</u>	<u>\$57,709</u>	<u>(\$57,709)</u>	<u>\$5,606</u>
Liabilities:				
Due to Others	\$5,606	\$57,709	(\$57,709)	\$5,606
Total Liabilities	<u>\$5,606</u>	<u>\$57,709</u>	<u>(\$57,709)</u>	<u>\$5,606</u>
<u>Totals - All Agency Funds</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$506,786	\$4,753,242	(\$4,792,988)	\$467,040
Total Assets	<u>\$506,786</u>	<u>\$4,753,242</u>	<u>(\$4,792,988)</u>	<u>\$467,040</u>
Liabilities:				
Intergovernmental Payable	\$178,401	\$2,588,613	(\$2,604,946)	\$162,068
Due to Others	328,385	2,164,629	(2,188,042)	304,972
Total Liabilities	<u>\$506,786</u>	<u>\$4,753,242</u>	<u>(\$4,792,988)</u>	<u>\$467,040</u>

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*

CITY OF NEWARK, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2005***

Capital Assets

Land	\$15,702,989
Buildings	18,152,649
Improvements other than Buildings	4,862,092
Infrastructure	50,291,399
Machinery and Equipment	<u>15,228,322</u>
Total Capital Assets	<u><u>\$104,237,451</u></u>

Investment in Capital Assets

General Fund	\$8,966,367
Special Revenue Funds	4,732,762
Capital Projects Funds	87,768,695
Enterprise Funds	87,071
Bonds	982,580
Grants	455,269
Donated	<u>1,244,707</u>
Total Investment in Capital Assets	<u><u>\$104,237,451</u></u>

CITY OF NEWARK, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2005**

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements other than Buildings</u>
<u>General Government:</u>			
Mayor	\$0	\$0	\$0
Auditor	0	0	0
Treasurer	0	0	0
Law	0	0	0
General Administration	471,437	2,171,307	0
Personnel Administration	0	0	0
Service	0	1,517,744	305,324
Engineer	0	0	515,738
Information System	0	0	125,517
Public Safety	0	0	0
Income Tax	0	0	0
Code Administration	0	0	0
Council/Clerk	0	0	3,987
Municipal Court	0	0	3,800
Adult Probation	0	0	0
Clerk of Court	0	0	4,607
General Storage	0	0	0
Total	<u>471,437</u>	<u>3,689,051</u>	<u>958,973</u>
<u>Security of Persons and Property:</u>			
Police	535,816	8,400,287	129,550
Fire	315,901	3,227,251	13,193
Animal Control	0	0	0
Total	<u>851,717</u>	<u>11,627,538</u>	<u>142,743</u>
<u>Transportation:</u>			
Street	14,376,235	1,427,281	1,274,877
Traffic Control	0	0	2,289
Total	<u>14,376,235</u>	<u>1,427,281</u>	<u>1,277,166</u>
<u>Public Health and Welfare:</u>			
Health	0	0	0
Cemetery	0	728,016	579,353
Total	<u>0</u>	<u>728,016</u>	<u>579,353</u>
<u>Leisure Time Activities:</u>			
Recreation/Seniors	0	680,763	1,299,543
<u>Community Environment:</u>			
Economic and Community Development	3,600	0	604,314
Total Capital Assets	<u>\$15,702,989</u>	<u>\$18,152,649</u>	<u>\$4,862,092</u>

CITY OF NEWARK, OHIO

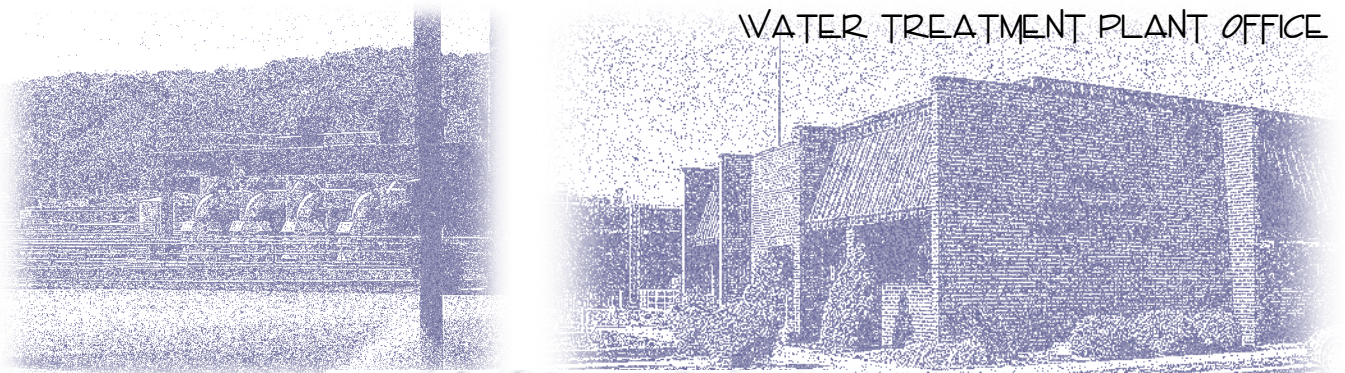
Infrastructure	Machinery and Equipment	Total
\$0	\$8,084	\$8,084
0	72,687	72,687
0	8,094	8,094
0	103,421	103,421
0	593,668	3,236,412
0	6,568	6,568
0	223,315	2,046,383
0	320,969	836,707
0	287,261	412,778
0	44,281	44,281
0	158,282	158,282
0	306,554	306,554
0	7,721	11,708
0	212,178	215,978
0	9,496	9,496
0	101,440	106,047
0	9,224	9,224
0	2,473,243	7,592,704
0	2,178,333	11,243,986
0	5,317,397	8,873,742
0	8,634	8,634
0	7,504,364	20,126,362
50,291,399	2,960,839	70,330,631
0	543,696	545,985
50,291,399	3,504,535	70,876,616
0	432,125	432,125
0	313,051	1,620,420
0	745,176	2,052,545
0	670,692	2,650,998
0	330,312	938,226
<u>\$50,291,399</u>	<u>\$15,228,322</u>	<u>\$104,237,451</u>

CITY OF NEWARK, OHIO

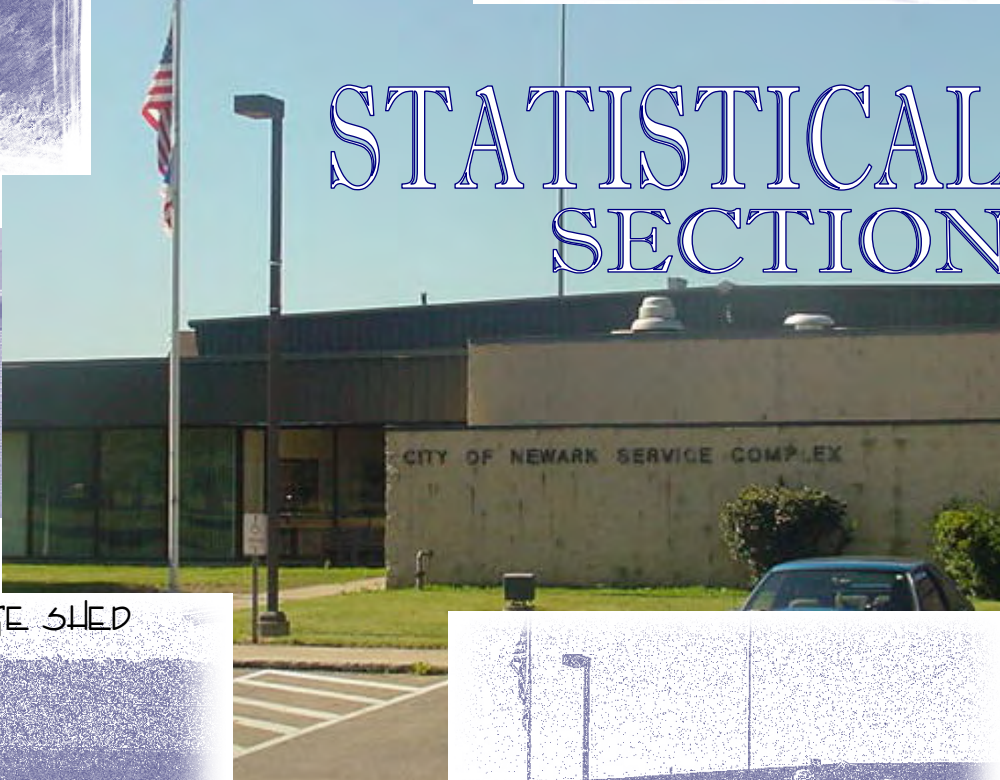
***Capital Assets Used in the Operation of Governmental Funds
Schedule Changes by Function and Activity
For Year Ended December 31, 2005***

Function and Activity	December 31, 2004	Transfers	Additions	Deletions	December 31, 2005
<u>General Government:</u>					
Mayor	\$8,084	\$0	\$0	\$0	\$8,084
Auditor	72,687	0	0	0	72,687
Treasurer	4,555	0	3,539	0	8,094
Law	103,421	0	0	0	103,421
General Administration	3,236,412	0	0	0	3,236,412
Personnel Administration	6,568	0	0	0	6,568
Service	2,026,433	0	19,950	0	2,046,383
Engineer	773,430	0	490,738	(427,461)	836,707
Information System	412,778	0	0	0	412,778
Public Safety	44,281	0	0	0	44,281
Income Tax	155,244	0	3,038	0	158,282
Code Administration	306,554	0	0	0	306,554
Council/Clerk	11,708	0	0	0	11,708
Municipal Court	215,978	0	0	0	215,978
Adult Probation	9,496	0	0	0	9,496
Clerk of Court	106,047	0	0	0	106,047
General Storage	9,224	0	0	0	9,224
Total	7,502,900	0	517,265	(427,461)	7,592,704
<u>Security of Persons and Property:</u>					
Police	6,370,480	0	8,369,429	(3,495,923)	11,243,986
Fire	8,233,069	0	651,718	(11,045)	8,873,742
Animal Control	8,634	0	0	0	8,634
Total	14,612,183	0	9,021,147	(3,506,968)	20,126,362
<u>Transportation:</u>					
Street	67,600,977	1,890	3,076,523	(348,759)	70,330,631
Traffic Control	536,430	(1,890)	11,445	0	545,985
Total	68,137,407	0	3,087,968	(348,759)	70,876,616
<u>Public Health and Welfare:</u>					
Health	385,079	0	53,812	(6,766)	432,125
Cemetery	1,560,104	0	60,316	0	1,620,420
Total	1,945,183	0	114,128	(6,766)	2,052,545
<u>Leisure Time Activities:</u>					
Recreation/Seniors	2,589,806	0	71,061	(9,869)	2,650,998
<u>Community Environment:</u>					
Economic and Community Development	764,182	0	319,926	(145,882)	938,226
Total Capital Assets	\$95,551,661	\$0	\$13,131,495	(\$4,445,705)	\$104,237,451

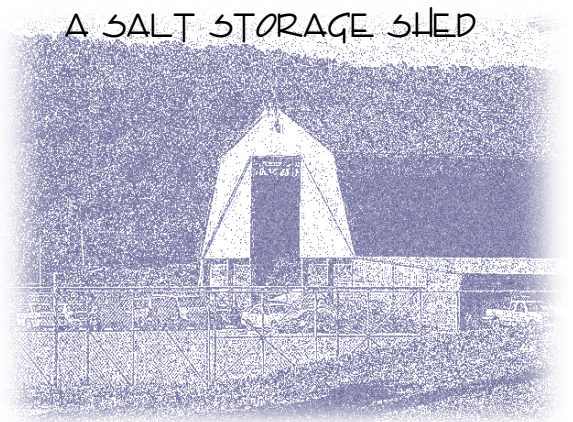
WATER TREATMENT PLANT OFFICE



STATISTICAL SECTION



A SALT STORAGE SHED



SERVICE COMPLEX ON EAST MAIN



STATISTICAL TABLES

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

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

Year	Security of Persons and Property	Public Health and Welfare	Leisure Time Activities	Community Environment	Trans- portation	General Government	Capital Outlay	Debt Service	Total
1996	\$9,966,142	\$1,426,893	\$663,154	\$2,113,796	\$2,562,421	\$4,780,328	\$3,040,874	\$68,617	\$24,622,225
1997	10,713,937	1,530,374	719,179	2,927,923	2,851,409	5,486,454	2,203,024	97,534	26,529,834
1998	11,633,701	1,553,417	741,535	2,676,503	3,354,548	5,813,884	3,770,552	243,060	29,787,200
1999	12,060,959	1,987,846	781,835	2,496,316	3,009,431	6,136,903	3,054,466	220,659	29,748,415
2000	12,401,045	2,028,556	774,609	2,518,321	2,711,224	6,150,877	2,244,604	370,938	29,200,174
2001	13,314,367	2,326,795	849,014	2,571,544	3,357,894	6,301,536	5,733,268	357,955	34,812,373
2002	14,331,955	2,400,745	857,314	2,745,924	3,047,974	6,756,970	3,178,884	401,391	33,721,157
2003	17,017,236	2,591,268	753,238	2,899,829	3,266,226	7,097,236	3,496,371	461,057	37,582,461
2004	17,238,670	2,895,378	690,045	2,978,113	4,004,744	7,307,835	9,965,693	1,081,949	46,162,427
2005	17,422,539	2,957,320	1,842,136	2,791,767	3,754,392	7,761,611	7,095,408	1,158,591	44,783,764

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

CITY OF NEWARK, OHIO

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

Year		Taxes	Inter-Governmental Revenues	Charges for Services	Licenses Permits and Fees	Investment Earnings	Fines and Forfeitures	All Other (2)	Total
1996		\$13,355,337	\$5,472,602	\$930,694	\$1,117,447	\$890,480	\$1,123,630	\$755,538	\$23,645,728
1997	a	12,443,486	9,346,877	1,036,442	1,097,596	998,319	1,130,498	547,107	26,600,325
1998	a	13,445,961	8,801,081	1,161,337	1,127,598	1,203,931	1,138,238	425,535	27,303,681
1999	a	13,672,911	8,718,932	1,137,543	1,395,993	941,367	1,393,728	517,833	27,778,307
2000	a	14,460,762	10,529,901	1,230,212	1,422,641	1,139,430	1,686,475	511,222	30,980,643
2001	a	14,473,914	8,665,294	1,150,907	1,565,619	818,298	1,627,706	589,100	28,890,838
2002	a	19,361,211	9,722,122	1,068,884	1,773,593	460,223	1,611,441	491,157	34,488,631
2003	a	20,584,344	10,505,105	1,158,161	1,724,167	363,604	1,758,405	666,371	36,760,157
2004	a	20,867,126	11,438,931	1,195,072	1,647,136	322,867	1,520,015	855,343	37,846,490
2005	a	21,765,717	10,751,711	1,143,484	1,628,325	433,890	1,556,778	1,345,907	38,625,812

a - Includes State Levied Shared Taxes Reclassified to Intergovernmental Revenue

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

(2) Includes Special Assessment Revenue

CITY OF NEWARK, OHIO

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

<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Accumulated Delinquent Taxes To Total Tax Levy</u>
1996	\$1,901,242	\$1,743,776	\$44,140	\$1,787,916	94.04%	\$113,326	5.96%
1997	2,095,194	1,853,950	76,066	1,930,016	92.12%	165,178	7.88%
1998	2,186,175	2,000,609	113,781	2,114,390	96.72%	71,785	3.28%
1999	2,206,090	2,047,102	63,525	2,110,627	95.67%	95,463	4.33%
2000	2,550,578	2,301,964	68,661	2,370,625	92.94%	179,453	7.04%
2001	2,611,482	2,354,000	120,394	2,474,394	94.75%	137,088	5.25%
2002	2,597,220	2,334,319	82,255	2,416,574	93.04%	180,646	6.96%
2003	2,919,934	2,620,715	93,073	2,713,788	92.94%	206,146	7.06%
2004	2,874,304	2,626,825	88,105	2,714,930	94.46%	164,374	5.72%
2005	2,953,807	2,735,760	77,572	2,813,332	95.24%	140,476	4.76%

Source: Licking County Auditor

**TANGIBLE TAX COLLECTED
LAST TEN YEARS**

<u>Year Paid</u>	<u>Amount</u>
1996	\$224,837
1997	196,866
1998	307,741
1999	265,716
2000	223,432
2001	350,543
2002	234,636
2003	288,279
2004	271,071
2005	281,214

Source: Licking County Auditor

CITY OF NEWARK, OHIO

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

Tax Year	Real Property		Public Utility Personal		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1996	\$436,671,260	\$1,247,632,171	\$32,818,540	\$32,818,540	\$62,237,040	\$248,948,160	\$531,726,840	\$1,529,398,871	34.77%
1997	447,201,930	1,277,719,800	32,416,900	32,416,900	61,655,510	246,622,040	541,274,340	1,556,758,740	34.77%
1998	466,676,380	1,333,361,086	32,510,910	32,510,910	63,618,490	254,473,960	562,805,780	1,620,345,956	34.73%
1999	545,493,340	1,558,522,400	29,461,150	29,461,150	59,564,470	238,257,888	634,518,960	1,826,241,438	34.74%
2000	554,376,620	1,583,933,200	31,010,390	31,010,390	69,314,670	277,258,680	654,701,680	1,892,202,270	34.60%
2001	563,976,650	1,611,361,860	22,767,980	22,767,980	72,137,560	288,550,240	658,882,190	1,922,680,080	34.27%
2002	625,078,160	1,785,937,600	23,735,560	23,735,560	70,159,740	280,638,960	718,973,460	2,090,312,120	34.40%
2003	638,586,350	1,824,532,429	23,530,710	23,530,710	74,321,520	297,286,080	736,438,580	2,145,349,219	34.33%
2004	653,241,740	1,866,404,971	23,897,680	23,897,680	65,833,550	263,334,200	742,972,970	2,153,636,851	34.50%
2005	737,127,230	2,106,077,800	23,373,180	23,373,180	67,935,300	271,741,200	828,435,710	2,401,192,180	34.50%

Source: Licking County Auditor

CITY OF NEWARK, OHIO

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

Collection Year	City of Newark				Newark City School District	Vo-Ed School	Licking County	Total
	General Fund	Police Pension	Fire Pension	Total City				
1996	3.10	0.30	0.30	3.70	48.00	2.00	7.20	60.90
1997	3.10	0.30	0.30	3.70	49.00	2.00	7.20	61.90
1998	3.10	0.30	0.30	3.70	49.00	2.00	7.20	61.90
1999	3.10	0.30	0.30	3.70	31.25	2.00	7.20	44.15
2000	3.10	0.30	0.30	3.70	31.22	2.00	7.20	44.12
2001	3.10	0.30	0.30	3.70	31.22	2.00	7.20	44.12
2002	3.10	0.30	0.30	3.70	31.21	2.00	7.20	44.11
2003	3.10	0.30	0.30	3.70	31.14	3.00	7.20	45.04
2004	3.10	0.30	0.30	3.70	37.02	3.00	7.20	50.92
2005	3.10	0.30	0.30	3.70	36.30	3.00	7.20	50.20

Source: Licking County Auditor

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

<u>Collection Year</u>	<u>Amount Billed</u>	<u>Amount Collected</u>	<u>Percent Collected</u>
1996	\$120,684	\$19,104	15.83%
1997	132,623	15,615	11.77%
1998	64,257	50,379	78.40%
1999	175,546	51,610	29.40%
2000	157,845	49,680	31.47%
2001	174,572	42,285	24.22%
2002	104,473	29,059	27.81%
2003	136,632	80,294	58.77%
2004	21,473	20,643	96.13%
2005	27,764	26,027	93.74%

Source: Licking County Auditor

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

**COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2005**

	Total Debt	Unvoted Debt
Net Assessed Valuation	\$828,435,710	\$828,435,710
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	86,985,750	45,563,964
City Debt Outstanding (2)	15,377,491	15,377,491
Less: Applicable Debt Service Fund Amounts	(145,622)	(145,622)
Net Indebtedness Subject to Limitation	15,231,869	15,231,869
Legal Debt Margin	\$71,753,881	\$30,332,095

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

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

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

Year	Population	Assessed Value	Gross Bonded Debt (1)	Debt Service Funds Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita
2003	46,279	\$736,438,580	\$10,994,991	\$17,864	\$10,977,127	1.49%	\$237.19
2004	46,279	742,972,970	10,829,991	125,902	10,704,089	1.44%	231.29
2005	46,279	828,435,710	10,549,991	145,622	10,404,369	1.26%	224.82

(1) Includes all general obligation bonded debt supported by property taxes.

Does not include the East Main Street Improvement Tax Increment Financing Bonds which are supported by payments in lieu of taxes.

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

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

<u>Year</u>	<u>Debt Principal</u>	<u>Debt Interest</u>	<u>Total Bonded Debt Service</u>	<u>Total General Governmental Expenditures(1)</u>	<u>Debt Service to Total General Governmental Expenditures</u>
2003	\$0	\$0	\$0	\$37,582,461	0.00%
2004	165,000	572,781	737,781	46,162,427	1.60%
2005	280,000	454,925	734,925	44,783,764	1.64%

(1) Includes all Governmental Funds.
The City of Newark did not have any General Obligation Debt from 1995-2002.

**COMPUTATION OF ALL DIRECT AND OVERLAPPING
GENERAL OBLIGATION DEBT
DECEMBER 31, 2005**

<u>Jurisdiction</u>	<u>Net Debt Outstanding (1)</u>	<u>Percentage Applicable to City of Newark (2)</u>	<u>Amount Applicable to City of Newark</u>
Direct			
City of Newark	\$15,377,491	100.00%	\$15,377,491
Overlapping Subdivisions			
Licking County	21,185,063	22.70%	<u>4,809,009</u>
		Total	<u><u>\$20,186,500</u></u>

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

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

Source: Licking County Auditor

**DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

<u>Year</u>	<u>Population (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
1996	47,450 (a)	8,800	3.6%
1997	47,450 (a)	8,796	3.6%
1998	47,450 (a)	8,561	3.5%
1999	47,450 (a)	8,553	3.6%
2000	47,450 (a)	8,605	3.6%
2001	46,279 (b)	8,562	4.3%
2002	46,279 (b)	8,590	5.9%
2003	46,279 (b)	8,531	5.9%
2004	46,279 (b)	8,588	5.9%
2005	46,279 (b)	8,563	5.9%

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

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

(3) Source: Chamber of Commerce

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

Year	Residential (1)		Commercial (1)	
	Number of Permits	Property Value	Number of Permits	Property Value
1996	423	\$16,388,537	179	\$19,863,836
1997	392	14,879,339	200	49,577,820
1998	413	13,745,663	194	33,377,351
1999	346	10,227,271	185	12,604,267
2000	378	18,227,717	172	29,590,974
2001	326	29,963,320	174	19,669,769
2002	411	31,971,545	238	24,467,294
2003	586	35,976,042	191	28,752,140
2004	555	36,576,196	213	43,662,216
2005	401	22,379,901	180	192,962,324

Source: City of Newark Building Department

(1) Includes all of Licking County

CITY OF NEWARK, OHIO

**PRINCIPAL TAXPAYERS (PROPERTY TAX)
DECEMBER 31, 2005**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>2005 Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1.	Ohio Power Company	Public Utility	\$14,439,480	1.74%
2.	Alltel Ohio, Inc.	Public Utility	6,422,960	0.78%
3.	Cherry Jack Limited	Real Estate	4,836,200	0.58%
4.	Owens Corning Fiberglass	Manufacturing	3,406,340	0.41%
5.	Health Care Property Investors Inc.	Nursing Homes	2,288,340	0.28%
6.	State Farm Auto Insurance	Insurance	2,043,240	0.25%
7.	Licking Memorial Health Systems	Hospital	1,983,250	0.24%
8.	Southgate Company	Development	1,916,860	0.23%
9.	Meijer Stores	Retail	1,826,410	0.22%
10.	National Gas & Oil Corporation	Public Utility	1,806,620	0.22%
		Sub-Total	40,969,700	4.95%
		All Others	787,466,010	95.05%
		Total	<u>\$828,435,710</u>	<u>100.00%</u>

Source: Licking County, Ohio: County Auditor and Treasurer

**PRINCIPAL EMPLOYERS
DECEMBER 31, 2005**

<u>Employer</u>	<u>Number of Employees</u>
1. State Farm Insurance	1,401
2. Newark City Schools	1,312
3. Licking County Government	1,243
4. Licking Memorial Hospital	1,195
5. Anomatic Corp.	1,145
6. Longaberger, Inc.	600
7. Owens Corning, Inc.	1,045
8. OSU-N/COTC	650
9. Newark City Government	489
10. Park National Bank Corporation	493

Source: City of Newark Income Tax Department

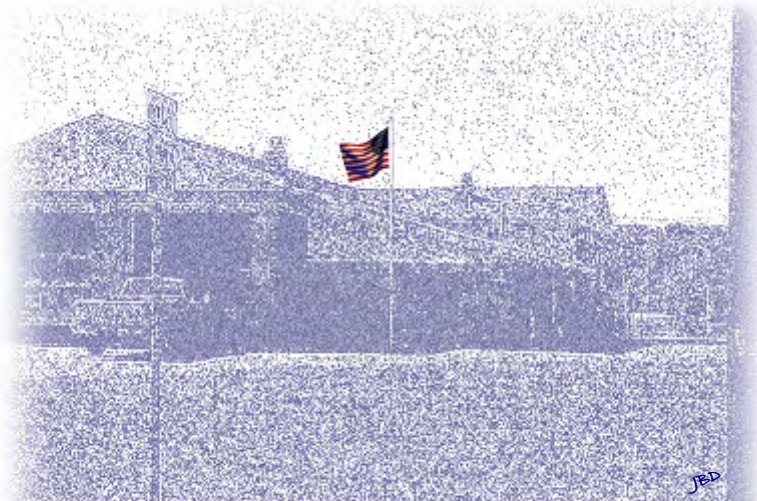
**MISCELLANEOUS STATISTICS
DECEMBER 31, 2005**

Date of Incorporation	1826	Police Services:		Water System:	
Form of Government	Charter	Number of Stations	1	Number of Purification Plants	1
Area (square miles)	22.30	Number of Police Personnel and Officers	92	Miles of Water Mains	193
Facilities and Services:		Number of Patrol Units	20	Number of Fire Hydrants	1,630
Miles of Streets	221	Number of Law Violations:		Number of Service Connections	17,268
Number of Street Lights	3,338	Criminal Juvenile Citations and Charges	1,421	Average Daily Consumption (Gallons)	8.1M
(per American Electric Power and Licking Rural Electric)		Traffic Citations Issued	1,872	Maximum Daily Capacity of Plant (Gallon	15M
Recreation and Culture:		Parking Tickets Written	1,716	Sewerage System:	
Number of Parks	39	Fire/Emergency Medical Services:		Number of Treatment Plants	1
Park Area (acres)	1,422	Number of Stations	4	Miles of Sanitary Sewers	177
Number of Ball Fields:		Number of Fire Personnel and Officers	84	Miles of Storm Sewers	86
Lighted	2	Number of Calls Answered	10,111	Number of Service Connections	15,017
Unlighted	8	Number of Inspections	1,070	Average Daily Treatment (Gallons)	8.02M
Number of Libraries	2	Parking Facilities:		Maximum Daily Capacity of Treatment (Gallons)	26M
Number of Cemeteries	1	Parking Spaces	184	Education: *	
Cemetery Area (Acres)	118	Off-Street Parking Lots	3	Elementary Schools	21
Hospitals:		Parking Spaces	1,379	Elementary School Students	6,161
Number of Hospitals	1	On-Street Parking Meters	373	Elementary School Instructors	407
Number of Patient Beds	185	Average Daily Cars Parked	1,286	Secondary Schools	2
Number of Bassinets	25			Secondary School Students	2,402
				Secondary School Instructors	164
				Colleges	2
				College Students	3,429

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







THE FIRE STATION ON EAST MAIN STREET



**Auditor of State
Betty Montgomery**

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Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

CITY OF NEWARK

LICKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 25, 2006**