

City of Newark, Ohio

Licking County



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2017



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2017

Prepared by the Auditor's Office

Stephen E. Johnson
City Auditor



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LICKING COUNTY, OHIO

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INTRODUCTORY SECTION





CITY OF NEWARK

40 West Main Street • Newark, Ohio 43055

Stephen E. Johnson, City Auditor

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

June 15, 2018

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, 2017. This report has been prepared in accordance with generally accepted accounting principles established by statements of the Governmental Accounting Standards Board (GASB), other authoritative pronouncements and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

INTRODUCTION

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

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

The Reporting Entity:

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

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

***Letter of Transmittal
For the Year Ended December 31, 2017***

Form of Government:

Statutory

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

City Charter

The Newark City Charter was approved by the voters in November of 1997 and became effective January 1, 1998. The Charter was amended in November 2002, 2007 and again in 2012. Some highlights of the Charter are as follows:

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

Location:

Newark is located in the central part of the state, approximately 33 miles east of Columbus, the state capital. Its 22.30 square mile area serves a residential population of 47,537. The City's elevation is approximately 830 feet above sea level. Its median temperatures are 75 degrees in summer and 30.2 degrees in winter. State highways 79, 13 and 16 serve as the City's major transportation arteries. The City is also served by the east-west interstate highway I-70 which lies approximately 9 miles to the south.

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

***Letter of Transmittal
For the Year Ended December 31, 2017***

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 175 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. The newly completed Canal Market District provides a setting for various functions including a twice weekly farmers market running from May through October.

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2017***

ECONOMIC OUTLOOK

Local Economy:

The Newark-Licking County area continues to benefit from a stable economy. 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. The Licking County region is close to post bulk mail centers and package delivery air hubs.

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

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 Owens Corning Corporation remains one of the largest employers and the largest industry in Newark. The Newark facility is the "world's largest fiberglass manufacturing facility." It employs 500 people and fills several thousand orders per day. The plant is situated on 250 acres within the city and incorporates 70 buildings with approximately 40 acres under roof. Owens Corning's Research and Technology Center is in nearby Granville and employs over 600 researchers and their support staff. During the fall of 2000, Owens Corning went into bankruptcy. While the City is optimistic, the bankruptcy's impact is unknown. The recent recession, impacting the housing industry, has had an effect on Owens Corning as well.

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

***Letter of Transmittal
For the Year Ended December 31, 2017***

Unemployment Rates:

The Ohio Bureau of Employment Services does not maintain statistics for the City of Newark, but unemployment within the City was estimated to be 4.5%.

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 2017 through 2019.

MAJOR INITIATIVES

During 2017, continuing efforts were made to upgrade services and improve the quality of life for the citizens of Newark through the following projects:

Infrastructure Improvements

During 2017 the Downtown Square underwent a complete rebuilt changing the traffic flow. Additionally, improved streetscapes were constructed along with Biosales greatly assisting with storm water runoff. The project also eliminated combined sanitary and storm sewers. The project is continuing to include other downtown streets.

A new bridge carrying state route 13 over the route 16 expressway was completed allowing route 13 to pass through the city as a two way street, eliminating a congested one way traffic pattern through the downtown area.

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

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

***Letter of Transmittal
For the Year Ended December 31, 2017***

Parks and Recreation

Throughout 2017, activities were provided at the City's youth center and community meeting hall in the newly renovated Everett Pool House. The building was remodeled to provide a meeting center for youth and adults who live on the near east side. It has been a very successful improvement project and has been well received by the near east side residents. In addition, Denman Park was rebuilt and new playground equipment installed. Also included in the renovation was a new road and entrance to the park. Improvements have been made at Hollander Pool on the City's north side, including a waterslide. The City entered into a management agreement with the Newark-Licking County YMCA for Hollander Pool operations. Major renovations were made to the City's ice arena including new mechanicals. The funding for the one million dollar project came from private donations. The facility has been leased to the Newark Sport and Event Commission and remains open to the public. The City recently acquired Don Edwards Field, the Babe Ruth Baseball Complex from Babe Ruth International with funds generated by a "Bed Tax" on occupied hotel rooms with proceeds being dedicated to recreation and tourism. With the purchase of Don Edwards Field, plans are underway to host the Babe Ruth World series in the upcoming years.

City-Wide Initiatives

During 2015 financing was arranged for a two year, twenty million dollar improvement project that will replace combined sanitary and storm sewers as well as replacing aging water lines. The project will also include a streetscape design that will feature environmentally friendly storm water drainage, and make changes to the traffic flow around the downtown Courthouse Square. The multi stage project continued through 2016. Also included is the market district and green spaces along with improved parking in the Canal and Market Street area just south of the Square.

Long-Term Financial Planning

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

***Letter of Transmittal
For the Year Ended December 31, 2017***

FINANCIAL INFORMATION

Internal Control, Budgetary Control and the Accounting System:

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

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

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

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

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

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: |
| * Transfers | Principal |
| | Interest |

***Letter of Transmittal
For the Year Ended December 31, 2017***

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

OTHER INFORMATION

Independent Audit:

The basic financial statements of the City of Newark were audited by BHM CPA Group Incorporated. The independent auditor's unmodified 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, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards in state and local government financial reporting. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents satisfy all program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity.

A Certificate of Achievement is valid for a period of one year only. The City of Newark has received a Certificate of Achievement for twenty-six consecutive years (1991 - 2016). 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, 2017***

Acknowledgments:

This report is a culmination of many hours of concentrated work on the part of the City Auditor's Office staff and a number of dedicated city employees and associates.

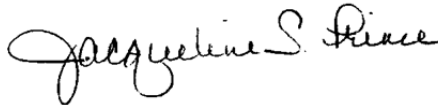
We also express our sincere appreciation to Donald J. Schonhardt and Associates, Inc. for their professional manner, expertise and countless hours of consultation in completing this annual financial report for the citizens of this community.

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

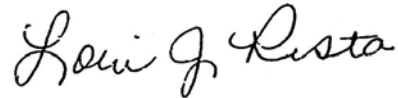
Respectfully,



Stephen E. Johnson
City Auditor



Jacqueline S. Prince
Accounting Manager



Lori J. Resta
Deputy City Auditor

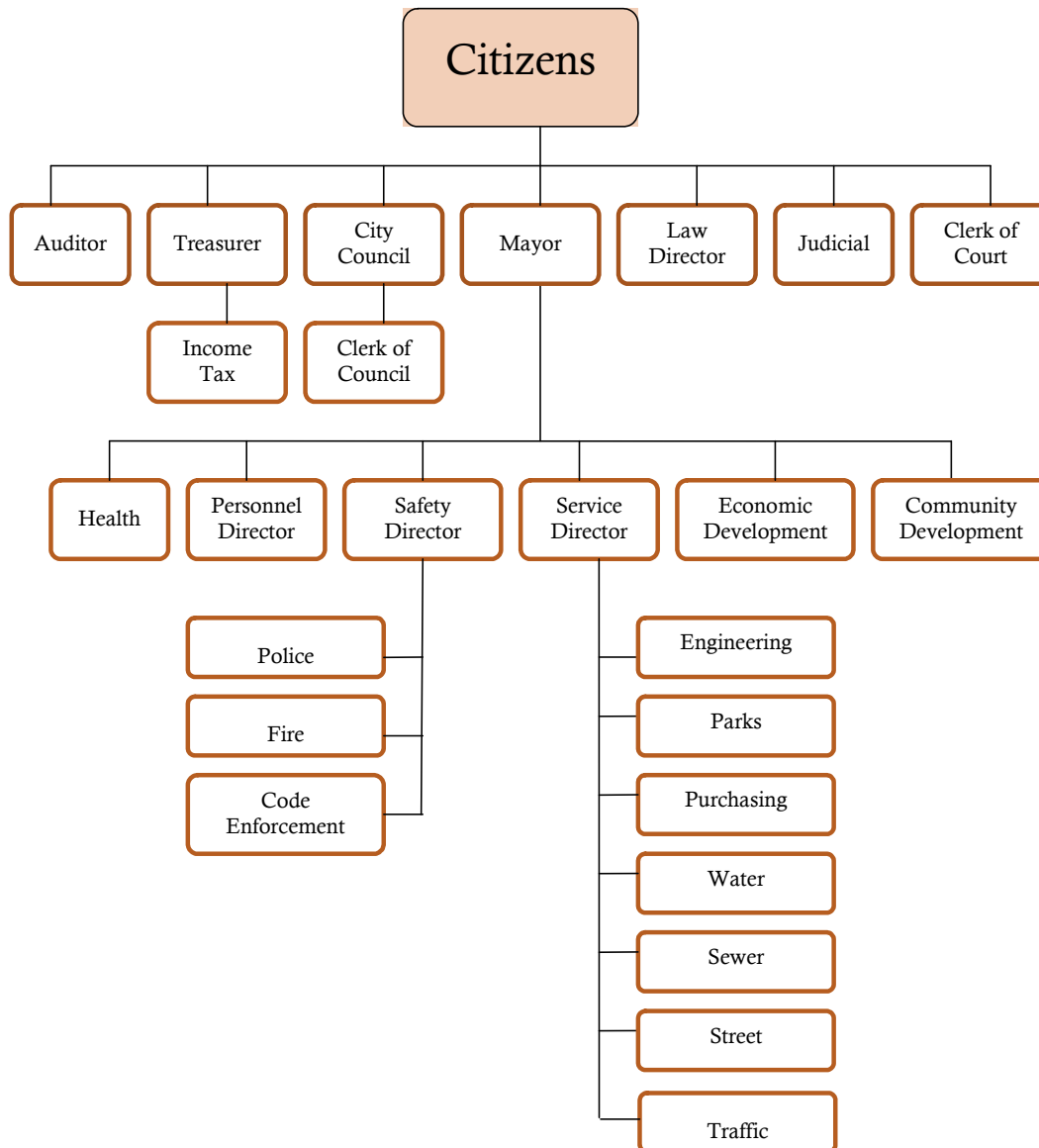
CITY OF NEWARK, OHIO

List of Principal Officials For the Year Ended December 31, 2017

NAME	TITLE	TERM OF OFFICE	SURETY DATA *
Jeff Hall	Mayor	01/01/16 to 12/31/19	
Stephen E. Johnson	Auditor	01/01/16 to 12/31/19	\$5,000 12/31/16 to 12/31/17
Michael F. Higgins	Judge	01/01/14 to 12/31/19	
David Stansberry	Judge	01/01/12 to 12/31/17	
Douglas Sassen	Law Director	01/01/16 to 12/31/19	
Tim Mercer	Treasurer	01/01/14 to 12/31/17	\$30,000 01/01/14 to 12/31/17
Don Ellington	President of Council	01/01/16 to 12/31/19	
Ryan T. Bubb	Council-at-Large	01/01/16 to 12/31/19	
Bill Cost Jr.	Council-at-Large	01/01/16 to 12/31/19	
Mark Fraizer	Council-at-Large	01/01/16 to 12/31/19	
Dee Hall	Council 1st Ward	01/01/14 to 12/31/17	
Jeremy Blake	Council 2nd Ward	01/01/14 to 12/31/17	
Jeff Rath	Council 3rd Ward	01/01/14 to 12/31/17	
Alex Roletta	Council 4th Ward	09/01/14 to 12/31/17	
Curtis Johnson	Council 5th Ward	01/11/14 to 12/31/17	
Douglas Marmie	Council 6th Ward	01/01/14 to 12/31/17	
Carol Floyd	Council 7th Ward	01/01/14 to 12/31/17	
Marcia Phelps	Clerk of Court	01/01/14 to 12/31/19	\$10,000 01/01/14 to 12/31/19

* - Liberty Mutual

***City Organizational Chart
For the Year Ended December 31, 2017***



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



Government Finance Officers Association

**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, 2016

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION





bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

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

To the Members of Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newark, Licking County, Ohio (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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PO Box 875 • 129 Pinckney Street • Circleville, OH 43113 • (740) 474-5210 • FAX (740) 474-7319
PO Box 687 • 528 S. West Street • Piketon, OH 45661 • (740) 289-4131 • FAX (740) 289-3639

www.bhmcpgroup.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newark, Licking County, Ohio, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information present additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2018, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and slightly slanted to the right.

BHM CPA Group, Inc
Piketon, Ohio
June 15, 2018



***Management's Discussion and Analysis
For the Year Ended December 31, 2017***

Unaudited

This discussion and analysis of the City of Newark's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2017. 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 2017 are as follows:

- ❑ In total, net position increased \$4,990,776. Net position of governmental activities increased \$1,505,928, which represents a 5% change from 2016. Net position of business-type activities increased \$3,484,848 or 11% from 2016.
- ❑ General revenues accounted for \$29,372,976 in revenue or 49% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$30,178,553, or 51% of total revenues of \$59,551,529.
- ❑ The City had \$39,422,830 in expenses related to governmental activities; only \$11,555,782 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$29,372,976 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$31,786,616 in revenues and other financing sources and \$30,152,179 in expenditures and other financing uses. The general fund's fund balance increased from \$4,902,177 to \$6,465,049.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis*, the *basic financial statements*, *required supplemental information*, 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.

***Management's Discussion and Analysis
For the Year Ended December 31, 2017***

Unaudited

Government-wide Statements

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

The two government-wide statements report the City's net position and how it has changed. Net position is one way to measure the City's financial health.

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

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

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

Fund Financial Statements

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

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

**Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Unaudited

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a summary of the City's net position for 2017 compared to 2016.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$29,855,006	\$26,563,825	\$17,494,150	\$15,982,798	\$47,349,156	\$42,546,623
Capital Assets, Net	68,681,526	67,156,252	87,452,610	77,929,475	156,134,136	145,085,727
Total Assets	98,536,532	93,720,077	104,946,760	93,912,273	203,483,292	187,632,350
Deferred Outflows of Resources	9,293,276	10,307,964	2,388,915	1,776,263	11,682,191	12,084,227
Net Pension Liability	40,556,757	38,585,567	5,632,907	4,465,245	46,189,664	43,050,812
Other Long-term Liabilities	27,342,931	26,447,672	56,890,736	50,467,305	84,233,667	76,914,977
Other Liabilities	3,771,205	4,412,507	9,079,767	8,490,891	12,850,972	12,903,398
Total Liabilities	71,670,893	69,445,746	71,603,410	63,423,441	143,274,303	132,869,187
Deferred Inflows of Resources	3,804,488	3,733,796	109,883	127,561	3,914,371	3,861,357
Net Position						
Net Investment in Capital Assets	46,518,880	45,753,020	27,363,677	25,890,917	73,882,557	71,643,937
Restricted	14,563,247	13,304,726	0	0	14,563,247	13,304,726
Unrestricted	(28,727,700)	(28,209,247)	8,258,705	6,246,617	(20,468,995)	(21,962,630)
Total Net Position	\$32,354,427	\$30,848,499	\$35,622,382	\$32,137,534	\$67,976,809	\$62,986,033

The adoption of GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" significantly revised accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

***Management's Discussion and Analysis
For the Year Ended December 31, 2017***

Unaudited

Under the standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

CITY OF NEWARK, OHIO**Management's Discussion and Analysis
For the Year Ended December 31, 2017****Unaudited**

Change in Net Position – The following table shows the change in net position for 2017 compared with 2016:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues:						
Charges for Services and Sales	\$4,614,376	\$4,143,179	\$18,200,550	\$17,884,890	\$22,814,926	\$22,028,069
Operating Grants and Contributions	5,667,002	4,752,661	0	0	5,667,002	4,752,661
Capital Grants and Contributions	1,274,404	995,426	422,221	507,805	1,696,625	1,503,231
Total Program Revenues	11,555,782	9,891,266	18,622,771	18,392,695	30,178,553	28,283,961
General Revenues:						
Property Taxes	3,855,096	2,910,228	0	0	3,855,096	2,910,228
Income Taxes	22,471,820	22,318,619	0	0	22,471,820	22,318,619
Other Local Taxes	652,430	515,033	0	0	652,430	515,033
Intergovernmental, Unrestricted	1,515,622	1,482,292	0	0	1,515,622	1,482,292
Investment Earnings	224,875	169,378	0	674	224,875	170,052
Miscellaneous	653,133	349,426	0	0	653,133	349,426
Total General Revenues	29,372,976	27,744,976	0	674	29,372,976	27,745,650
Total Revenues	40,928,758	37,636,242	18,622,771	18,393,369	59,551,529	56,029,611
Program Expenses						
Security of Persons and Property	20,158,136	20,139,086	0	0	20,158,136	20,139,086
Leisure Time Activities	805,323	788,906	0	0	805,323	788,906
Community Environment	2,035,280	1,119,922	0	0	2,035,280	1,119,922
Public Health and Welfare Services	20,948	43,762	0	0	20,948	43,762
Transportation	3,848,797	3,836,428	0	0	3,848,797	3,836,428
General Government	11,740,626	10,559,036	0	0	11,740,626	10,559,036
Interest and Fiscal Charges	813,720	961,639	0	0	813,720	961,639
Water	0	0	6,289,615	5,852,349	6,289,615	5,852,349
Sewer	0	0	6,573,165	6,491,673	6,573,165	6,491,673
Storm Water	0	0	2,275,143	2,542,355	2,275,143	2,542,355
Total Expenses	39,422,830	37,448,779	15,137,923	14,886,377	54,560,753	52,335,156
Change in Net Position Before Transfers	1,505,928	187,463	3,484,848	3,506,992	4,990,776	3,694,455
Transfers	0	237,454	0	(237,454)	0	0
Total Change in Net Position	1,505,928	424,917	3,484,848	3,269,538	4,990,776	3,694,455
Beginning Net Position	30,848,499	30,423,582	32,137,534	28,867,996	62,986,033	59,291,578
Ending Net Position	\$32,354,427	\$30,848,499	\$35,622,382	\$32,137,534	\$67,976,809	\$62,986,033

Governmental Activities

Net position of the City's governmental activities increased \$1,505,928. This represents a 5% change from 2016. An increase in charges for services can be attributed to increases in court fines and property maintenance charges. The increase in fines was the result of an increase in the number of individuals paying court costs, while the increase in property maintenance charges was the result of an increase in ownership transfers of property. An increase in operating grants can be attributed to an increase in probation and community development grants. Capital grants consisted of Ohio Public Works Commission grants for roundabout installation at Sharon Valley Road and Evans Boulevard and other various street improvements. Property tax revenues increased due to the payment of delinquent taxes following the sale of the former site of the Longaberger Company.

CITY OF NEWARK, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2017

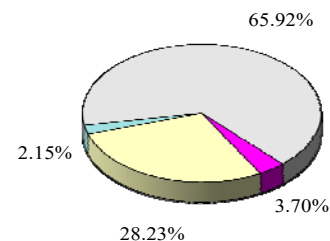
Unaudited

An increase in general government expense can be attributed to changes in the net pension liability. An increase in community environment can be attributed to community development housing improvement costs.

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

Income taxes and property taxes made up 55% and 9% respectively of revenues for governmental activities in 2017. The City's reliance upon tax revenues is demonstrated by the following graph indicating 66% of total revenues from general tax revenues:

Revenue Sources	2017	Percent of Total
General Tax Revenues	\$26,979,346	65.92%
Intergovernmental, Unrestricted	1,515,622	3.70%
Program Revenues	11,555,782	28.23%
General Other	878,008	2.15%
Total Revenue	<u>\$40,928,758</u>	<u>100.00%</u>



Business-Type Activities

Net position of the business-type activities increased \$3,484,848. This represents an 11% change from the previous year. Capital grants received in 2017 were the result of infrastructure donations from private developers. Revenues and expenses remained consistent with the prior year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$17,716,359, which is an increase from last year's balance of \$15,513,179. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2017 and 2016:

	Fund Balance (Deficit) December 31, 2017	Fund Balance (Deficit) December 31, 2016	Increase (Decrease)
General	\$6,465,049	\$4,902,177	\$1,562,872
Other Governmental	11,251,310	10,611,002	640,308
Total	<u>\$17,716,359</u>	<u>\$15,513,179</u>	<u>\$2,203,180</u>

**Management's Discussion and Analysis
For the Year Ended December 31, 2017****Unaudited**

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

	2017	2016	Increase
	Revenues	Revenues	(Decrease)
Taxes	\$25,149,819	\$24,498,787	\$651,032
Intergovernmental Revenues	1,741,761	1,853,272	(111,511)
Charges for Services	2,183,564	2,048,949	134,615
Licenses, Permits and Fees	91,611	100,507	(8,896)
Investment Earnings	133,435	97,831	35,604
Fines and Forfeitures	1,686,494	1,354,229	332,265
All Other Revenue	469,610	174,451	295,159
Total	<u>\$31,456,294</u>	<u>\$30,128,026</u>	<u>\$1,328,268</u>

Total General Fund revenues increased \$1,328,268 or 4% when compared with the previous year. An increase in taxes was the result of an increase in income taxes, which can be attributed to increased efforts by the City to collect on delinquent taxes as well as overall economic improvements. A decrease in intergovernmental revenues was the result of a one-time Job and Family Services summer employment grant received in the prior year. An increase in charges for services can be attributed to Joint Economic Development District collection fees. An increase in fines and forfeitures can be attributed to increases in the number of individuals paying court fines as well as increased property maintenance lien charges being paid.

	2017	2016	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$16,639,358	\$15,985,727	\$653,631
Leisure Time Activities	700,726	697,623	3,103
Community Environment	286,036	276,320	9,716
Transportation	25,768	111	25,657
General Government	9,987,034	9,754,745	232,289
Interest and Fiscal Charges	1,188	0	1,188
Total	<u>\$27,640,110</u>	<u>\$26,714,526</u>	<u>\$925,584</u>

General Fund expenditures increased \$925,584, or approximately 3% when compared with the prior year. An increase in security of persons and property can be attributed to the purchase of an ambulance.

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 2017 the City amended its General Fund budget several times.

For the General Fund, the difference between original and final budgeted receipts was insignificant. Actual budget basis receipts were 9% higher than final estimates due to an increase in income tax receipts. The difference between original and final budgeted expenditures was insignificant. Actual expenditures were 3% less than final budget estimates.

**Management's Discussion and Analysis
For the Year Ended December 31, 2017****Unaudited****CAPITAL ASSETS AND DEBT ADMINISTRATION****Capital Assets**

At the end of 2017 the City had \$156,134,136 net of accumulated depreciation invested in land, construction in progress, buildings, improvements, infrastructure, equipment and vehicles. Of this total, \$68,681,526 was related to governmental activities and \$87,452,610 to the business-type activities. The following tables show 2017 and 2016 balances:

	Governmental Activities		Increase (Decrease)
	2017	2016	
Land	\$20,059,826	\$20,059,826	\$0
Construction In Progress	2,181,849	2,523,672	(341,823)
Buildings	22,529,644	22,560,594	(30,950)
Improvements Other than Buildings	4,355,193	4,331,622	23,571
Infrastructure	71,915,219	68,235,258	3,679,961
Machinery and Equipment	11,087,436	10,690,265	397,171
Less: Accumulated Depreciation	(63,447,641)	(61,244,985)	(2,202,656)
Totals	<u>\$68,681,526</u>	<u>\$67,156,252</u>	<u>\$1,525,274</u>

Infrastructure additions included rehabilitation of West Main Street from 21st to 34th Streets, roundabout installation at Sharon Valley Road and Evans Boulevard, and routine street resurfacing costs. Machinery and equipment additions included four police vehicles and an ambulance.

	Business-Type Activities		Increase (Decrease)
	2017	2016	
Land	\$161,800	\$161,800	\$0
Construction in Progress	22,425,333	13,741,120	8,684,213
Buildings and Improvements	58,180,134	58,091,134	89,000
Infrastructure	32,871,100	30,164,651	2,706,449
Machinery and Equipment	30,851,576	30,546,308	305,268
Less: Accumulated Depreciation	(57,037,333)	(54,775,538)	(2,261,795)
Totals	<u>\$87,452,610</u>	<u>\$77,929,475</u>	<u>\$9,523,135</u>

Significant additions to business-type activities capital assets consisted of a downtown sewer separation project, downtown water improvements, alternative storm water project, and water and storm water improvements at West Church Street and North 30th Street. Additional information on the City's capital assets can be found in Note 9.

**Management's Discussion and Analysis
For the Year Ended December 31, 2017****Unaudited**

Debt

At December 31, 2017, the City had \$27.7 million in General Obligation bonds outstanding, \$1.8 million due within one year. The following table summarizes the City's debt outstanding as of December 31, 2017 and 2016:

	2017	2016
Governmental Activities:		
General Obligation Bonds	\$19,841,317	\$19,153,042
ODOT State Infrastructure Bank Loan	477,693	784,505
OPWC Loans	910,000	558,277
Capital Leases	1,018,577	835,963
Net Pension Liability	40,556,757	38,585,567
Workers Compensation Retrospective Liability	120,087	155,848
Accrued Pension Liability	1,529,522	1,587,658
Compensated Absences	3,445,735	3,372,379
Total Governmental Activities	67,899,688	65,033,239
Business-Type Activities:		
General Obligation Bonds	7,902,115	9,244,510
OWDA Loans	47,169,828	39,331,720
OPWC Loans	1,228,641	1,339,816
Capital Leases	0	27,607
Net Pension Liability	5,632,907	4,465,245
Compensated Absences	590,152	523,652
Total Business-Type Activities	62,523,643	54,932,550
Totals	\$130,423,331	\$119,965,789

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, 2017, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

ECONOMIC FACTORS

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

While the City has experienced a general decline in manufacturing jobs over the past decade, two major industrial parks are located just outside the City limits and are responsible for a growth in manufacturing jobs. An Amazon distribution complex is located in nearby Etna Township along with two joint economic development zones (JEDZ) have also been created with Etna Township. The City has seen an increase in commercial and retail development in recent years that has provided a positive impact in the tax base. The unemployment in the City remains below the national average.

***Management's Discussion and Analysis
For the Year Ended December 31, 2017***

Unaudited

The City's operating budget has been affected by the recession and economic uncertainty in recent years. To balance the budget, capital improvement funds and funds from reserve accounts have been used for general operating expenses thus causing delays in capital projects. The City income tax was increased by the voters to allow for a police station to be built and construction of the replacement of the west side fire station. Both were completed during 2004. A new central fire station was completed in 2015. The 2015 budget increased slightly over the previous year.

A 10 year history of General Fund cash balance, or cash carryover has been somewhat erratic. The City's ending cash balance had been declining over the past ten years but year-end 2007 saw a 60% increase. Due to declining tax revenues and building permit collections, the cash carry over at year end 2008 saw a decrease of 20% and the need for increased cash reserves has been addressed in recent operating budgets with the creation of cash reserves funded with a dedicated portion of Emergency Medical Transport revenue. A recent history of the cash carry over is as follows: 2010 was nearly equal to 2009 but 2011 showed an increase over 2010 due to increased cash reserves. The 2012 cash carry over showed a slight increase over 2011. The 2013 cash carryover again showed an increase; however, the 2014 cash carryover showed a 20% decrease. The 2015 carryover showed a 55% increase, and the 2016 increased by 35%. The 2017 cash carryover increased again by 35%.

REQUESTS FOR INFORMATION

The purpose of this financial report is to provide a clear picture to citizens, taxpayers, investors and creditors and any interested party of the City's accountability of the funds it receives. Please direct any questions you may have or request for additional information to: Stephen E. Johnson, City Auditor, 40 West Main Street, Newark, Ohio 43055.



CITY OF NEWARK, OHIO**Statement of Net Position
December 31, 2017**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Pooled Cash and Investments	\$ 13,230,092	\$ 14,439,591	\$ 27,669,683
Cash and Cash Equivalents with Fiscal Agent	54,919	0	54,919
Investments	421,466	0	421,466
Receivables:			
Taxes	7,493,775	0	7,493,775
Accounts	855,897	2,234,044	3,089,941
Intergovernmental	2,806,524	0	2,806,524
Interest	24,207	0	24,207
Loans	2,807,648	0	2,807,648
Internal Balance	(148,918)	148,918	0
Inventory of Supplies at Cost	636,647	633,833	1,270,480
Prepaid Items	53,232	24,036	77,268
Restricted Assets:			
Cash and Cash Equivalents	437,335	0	437,335
Cash and Cash Equivalents with Fiscal Agent	19,486	13,728	33,214
Investments	627,500	0	627,500
Investments with Fiscal Agent	535,196	0	535,196
Non-Depreciable Capital Assets	22,241,675	22,587,133	44,828,808
Depreciable Capital Assets, Net	46,439,851	64,865,477	111,305,328
Total Assets	98,536,532	104,946,760	203,483,292
Deferred Outflows of Resources:			
Deferred Charge on Debt Refunding	192,588	242,247	434,835
Pension:			
OPERS	4,171,125	2,146,668	6,317,793
OP&F	4,929,563	0	4,929,563
Total Deferred Outflows of Resources	9,293,276	2,388,915	11,682,191
Liabilities:			
Accounts Payable	412,105	372,324	784,429
Accrued Wages and Benefits	1,044,177	201,554	1,245,731
Intergovernmental Payable	268,267	0	268,267
Claims Payable	615,196	0	615,196
Due to Escrow Agent	111,265	0	111,265
Matured Bonds and Interest Payable	0	13,728	13,728
Accrued Interest Payable	109,195	492,161	601,356
General Obligation Notes Payable	1,211,000	8,000,000	9,211,000
Noncurrent Liabilities:			
Due Within One Year	3,099,330	3,039,262	6,138,592
Due in More Than One Year:			
Net Pension Liability	40,556,757	5,632,907	46,189,664
Other Amounts Due in More Than One Year	24,243,601	53,851,474	78,095,075
Total Liabilities	71,670,893	71,603,410	143,274,303

CITY OF NEWARK, OHIO

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	3,165,067	0	3,165,067
Pension:			
OPERS	211,911	109,883	321,794
OP&F	427,510	0	427,510
Total Deferred Inflows of Resources	3,804,488	109,883	3,914,371
Net Position:			
Net Investment in Capital Assets	46,518,880	27,363,677	73,882,557
Restricted For:			
Capital Projects	1,602,686	0	1,602,686
Debt Service	1,941,784	0	1,941,784
Security of Persons	1,049,763	0	1,049,763
Street Improvement	3,170,696	0	3,170,696
Community Environment	3,280,110	0	3,280,110
Judiciary	2,257,240	0	2,257,240
Cemetery Maintenance	1,186,153	0	1,186,153
Other Purposes	74,815	0	74,815
Unrestricted (Deficit)	(28,727,700)	8,258,705	(20,468,995)
Total Net Position	\$ 32,354,427	\$ 35,622,382	\$ 67,976,809

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO**Statement of Activities
For the Year Ended December 31, 2017**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 20,158,136	\$ 3,316,630	\$ 1,819,831	\$ 0
Leisure Time Activities	805,323	0	10,350	0
Community Environment	2,035,280	284,510	1,000,201	0
Public Health and Welfare Services	20,948	154,577	0	0
Transportation	3,848,797	0	2,836,620	1,274,404
General Government	11,740,626	858,659	0	0
Interest and Fiscal Charges	813,720	0	0	0
Total Governmental Activities	39,422,830	4,614,376	5,667,002	1,274,404
Business-Type Activities:				
Water	6,289,615	6,797,182	0	84,610
Sewer	6,573,165	8,404,935	0	99,883
Storm Water	2,275,143	2,998,433	0	237,728
Total Business-Type Activities	15,137,923	18,200,550	0	422,221
Totals	\$ 54,560,753	\$ 22,814,926	\$ 5,667,002	\$ 1,696,625

General Revenues

Property Taxes Levied for:

General Purposes

Special Purposes

Capital Purposes

Income Tax

Other Local Taxes

Intergovernmental, Unrestricted

Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (15,021,675)	\$ 0	\$ (15,021,675)
(794,973)	0	(794,973)
(750,569)	0	(750,569)
133,629	0	133,629
262,227	0	262,227
(10,881,967)	0	(10,881,967)
(813,720)	0	(813,720)
<u>(27,867,048)</u>	<u>0</u>	<u>(27,867,048)</u>
0	592,177	592,177
0	1,931,653	1,931,653
0	961,018	961,018
<u>0</u>	<u>3,484,848</u>	<u>3,484,848</u>
\$ (27,867,048)	\$ 3,484,848	\$ (24,382,200)
2,053,021	0	2,053,021
407,838	0	407,838
1,394,237	0	1,394,237
22,471,820	0	22,471,820
652,430	0	652,430
1,515,622	0	1,515,622
224,875	0	224,875
653,133	0	653,133
<u>29,372,976</u>	<u>0</u>	<u>29,372,976</u>
1,505,928	3,484,848	4,990,776
30,848,499	32,137,534	62,986,033
<u>\$ 32,354,427</u>	<u>\$ 35,622,382</u>	<u>\$ 67,976,809</u>

CITY OF NEWARK, OHIO

**Balance Sheet
Governmental Funds
December 31, 2017**

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Pooled Cash and Investments	\$ 5,496,148	\$ 7,525,400	\$ 13,021,548
Investments	0	421,466	421,466
Receivables:			
Taxes	5,551,481	1,942,294	7,493,775
Accounts	816,643	39,254	855,897
Intergovernmental	815,203	1,991,321	2,806,524
Interest	24,103	104	24,207
Loans	0	2,807,648	2,807,648
Interfund Loans Receivable	53,955	0	53,955
Inventory of Supplies, at Cost	143,390	493,257	636,647
Prepaid Items	53,232	0	53,232
Restricted Assets:			
Cash and Cash Equivalents	0	437,335	437,335
Cash and Cash Equivalents with Fiscal Agent	0	19,486	19,486
Investments	0	627,500	627,500
Investments with Fiscal Agent	0	535,196	535,196
Total Assets	\$ 12,954,155	\$ 16,840,261	\$ 29,794,416
Liabilities:			
Accounts Payable	\$ 196,010	\$ 216,095	\$ 412,105
Accrued Wages and Benefits Payable	950,923	93,254	1,044,177
Intergovernmental Payable	6,090	262,177	268,267
Due to Escrow Agent	0	111,265	111,265
Interfund Loans Payable	0	53,955	53,955
Compensated Absences Payable	20,075	0	20,075
Accrued Interest Payable	1,188	9,450	10,638
General Obligation Notes Payable	91,000	1,120,000	1,211,000
Total Liabilities	1,265,286	1,866,196	3,131,482
Deferred Inflows of Resources:			
Unavailable Amounts	3,158,009	2,623,499	5,781,508
Property Tax Levy for Next Fiscal Year	2,065,811	1,099,256	3,165,067
Total Deferred Inflows of Resources	5,223,820	3,722,755	8,946,575
Fund Balance:			
Nonspendable	196,622	493,257	689,879
Restricted	0	10,997,736	10,997,736
Assigned	4,188,425	0	4,188,425
Unassigned	2,080,002	(239,683)	1,840,319
Total Fund Balance	6,465,049	11,251,310	17,716,359
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 12,954,155	\$ 16,840,261	\$ 29,794,416

See accompanying notes to the basic financial statements

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2017***

Total Governmental Fund Balances \$ 17,716,359

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

Capital Assets used in governmental activities are not
resources and therefore are not reported in the funds. 68,681,526

Other long-term assets are not available to pay for current-
period expenditures and therefore are deferred in the funds. 5,781,508

The net pension liability is not due and payable in the current period;
therefore, the liability and related deferred inflows/outflows are not
reported in governmental funds:

Deferred Outflows - Pension	9,100,688	
Deferred Inflows - Pension	(639,421)	
Net Pension Liability	<u>(40,556,757)</u>	(32,095,490)

Internal service funds are used by management to charge
the costs of insurance to individual funds. The assets
and liabilities of the internal service funds are included in
governmental activities in the statement of net position. (500,651)

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	(19,841,317)	
Deferred Charge on Debt Refunding	192,588	
ODOT State Infrastructure Bank Loan	(477,693)	
Ohio Public Works Commission Loan	(910,000)	
Capital Leases Payable	(1,018,577)	
Accrued Pension Liability	(1,529,522)	
Compensated Absences Payable	(3,425,660)	
Worker's Compensation Retrospective Liability	(120,087)	
Accrued Interest Payable	<u>(98,557)</u>	<u>(27,228,825)</u>

Net Position of Governmental Activities \$ 32,354,427

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, 2017**

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 25,149,819	\$ 984,471	\$ 26,134,290
Intergovernmental Revenues	1,741,761	5,701,902	7,443,663
Charges for Services	2,183,564	6,965	2,190,529
Licenses, Permits and Fees	91,611	0	91,611
Investment Earnings	133,435	91,440	224,875
Fines and Forfeitures	1,686,494	542,207	2,228,701
All Other Revenue	469,610	183,523	653,133
Total Revenues	31,456,294	7,510,508	38,966,802
Expenditures:			
Current:			
Security of Persons and Property	16,639,358	1,467,689	18,107,047
Public Health and Welfare Services	0	20,948	20,948
Leisure Time Activities	700,726	0	700,726
Community Environment	286,036	1,727,516	2,013,552
Transportation	25,768	2,803,362	2,829,130
General Government	9,987,034	763,764	10,750,798
Capital Outlay	0	2,712,621	2,712,621
Debt Service:			
Principal Retirement	0	2,321,987	2,321,987
Interest and Fiscal Charges	1,188	834,674	835,862
Total Expenditures	27,640,110	12,652,561	40,292,671
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,816,184	(5,142,053)	(1,325,869)
Other Financing Sources (Uses):			
Sale of Capital Assets	54,650	0	54,650
Other Financing Sources - Capital Lease	275,672	177,822	453,494
Bond Issuance	0	1,550,000	1,550,000
OPWC Loan Issuance	0	381,723	381,723
Refunding Bonds Issued	0	1,895,000	1,895,000
Premium on Bond Issuance	0	97,015	97,015
Payment to Refunded Bond Escrow Agent	0	(936,200)	(936,200)
Transfers In	0	2,560,274	2,560,274
Transfers Out	(2,512,069)	(48,205)	(2,560,274)
Total Other Financing Sources (Uses)	(2,181,747)	5,677,429	3,495,682
Net Change in Fund Balance	1,634,437	535,376	2,169,813
Fund Balance at Beginning of Year	4,902,177	10,611,002	15,513,179
Increase (Decrease) in Inventory	(71,565)	104,932	33,367
Fund Balance End of Year	\$ 6,465,049	\$ 11,251,310	\$ 17,716,359

See accompanying notes to the basic financial statements

***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, 2017***

Net Change in Fund Balances - Total Governmental Funds \$ 2,169,813

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

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

Capital Outlay	4,218,340	
Depreciation Expense	(2,838,128)	1,380,212

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

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		358,743
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The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets.		(213,681)
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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.		1,603,213
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Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		2,831,860
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Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(5,741,340)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, however, has no effect on net position.

Refunding Bonds Issued	(1,895,000)	
Bond Issuance	(1,550,000)	
Bond Premium on Debt Issuance	66,375	
Ohio Public Works Commission Loan	(381,723)	
Capital Leases Issued	(453,494)	
Premium on Refunding Bonds	(97,015)	
		(4,310,857)

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

Interest Accretion on General Obligation Bonds	(42,886)	
Accreted Interest Payment	312,770	
Deferred Charge on Debt Refunding Amortization	(9,709)	
Bond Premium Amortization	41,626	
General Obligation Bond Principal Payment	2,542,230	
OPWC Loan Principal Payment	30,000	
ODOT State Infrastructure Bank Loan Retirement	306,812	
Capital Lease Principal Payment	270,880	
Pension Liability Principal Payment	58,136	3,509,859

(Continued)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 33,111

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	(53,281)	
Worker's Compensation Retrospective Liability	35,761	
Change in Inventory	<u>33,367</u>	15,847

Internal Service Funds are used by management to charge the costs of insurance to individual funds and are not reported in the statement of activities.

Governmental fund expenditures and related internal service revenues are eliminated. The net revenue (expense) of the internal service funds is allocated among the governmental activities.

(130,852)

Change in Net Position of Governmental Activities

\$ 1,505,928

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, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 23,146,542	\$ 23,146,542	\$ 24,944,933	\$ 1,798,391
Intergovernmental Revenue	1,755,545	1,772,128	1,743,856	(28,272)
Charges for Services	2,006,550	1,987,800	2,140,590	152,790
Licenses, Permits and Fees	51,765	51,765	91,611	39,846
Investment Earnings	100,062	100,062	79,500	(20,562)
Fines and Forfeitures	1,431,600	1,431,600	1,673,507	241,907
All Other Revenue	131,606	162,858	451,917	289,059
Total Revenues	28,623,670	28,652,755	31,125,914	2,473,159
Expenditures:				
Current:				
Security of Persons and Property	17,425,812	17,547,672	17,058,452	489,220
Leisure Time Activities	713,189	734,329	727,622	6,707
Community Environment	377,767	379,742	340,973	38,769
Transportation	27,500	27,500	25,768	1,732
General Government	11,527,966	11,386,194	11,128,493	257,701
Total Expenditures	30,072,234	30,075,437	29,281,308	794,129
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,448,564)	(1,422,682)	1,844,606	3,267,288
Other Financing Sources (Uses):				
Sale of Capital Assets	35,000	35,000	54,650	19,650
Note Issuance	0	91,000	91,000	0
Transfers In	1,034,537	1,034,537	1,046,325	11,788
Transfers Out	(2,995,167)	(2,995,168)	(2,970,854)	24,314
Advances In	0	79,503	79,503	0
Advances Out	0	(53,955)	(53,955)	0
Total Other Financing Sources (Uses):	(1,925,630)	(1,809,083)	(1,753,331)	55,752
Net Change in Fund Balance	(3,374,194)	(3,231,765)	91,275	3,323,040
Fund Balance at Beginning of Year	3,032,671	3,032,671	3,032,671	0
Prior Year Encumbrances	1,090,830	1,090,830	1,090,830	0
Fund Balance at End of Year	\$ 749,307	\$ 891,736	\$ 4,214,776	\$ 3,323,040

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2017**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Storm Water
Assets:			
Current Assets:			
Pooled Cash and Investments	\$ 4,744,455	\$ 7,712,726	\$ 1,982,410
Receivables:			
Accounts	960,639	960,639	312,766
Inventory of Supplies at Cost	360,707	226,445	46,681
Prepaid Items	11,987	11,860	189
Total Current Assets	6,077,788	8,911,670	2,342,046
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	23	13,705	0
Non Depreciable Capital Assets	3,626,488	15,380,056	3,580,589
Depreciable Capital Assets, Net	16,909,155	39,803,041	8,153,281
Total Noncurrent Assets	20,535,666	55,196,802	11,733,870
Total Assets	26,613,454	64,108,472	14,075,916
Deferred Outflows of Resources:			
Deferred Charge on Debt Refunding	43,336	0	198,911
Pension:			
OPERS	1,373,715	679,447	93,506
Total Deferred Outflows of Resources	1,417,051	679,447	292,417
Liabilities:			
Current Liabilities:			
Accounts Payable	293,235	72,127	6,962
Accrued Wages and Benefits	127,119	65,893	8,542
Claims Payable	0	0	0
Compensated Absences Payable - Current	200,431	117,639	15,919
Accrued Interest Payable	79,845	352,068	60,248
General Obligation Notes Payable	6,000,000	0	2,000,000
General Obligation Bonds Payable - Current	611,484	52,500	198,000
OWDA Loans Payable - Current	133,622	1,538,841	59,651
OPWC Loans Payable - Current	0	111,175	0
Total Current Liabilities	7,445,736	2,310,243	2,349,322

CITY OF NEWARK, OHIO

	Governmental Activities - Internal Service Funds
Total	
\$ 14,439,591	\$ 208,544
2,234,044	0
633,833	0
24,036	0
<u>17,331,504</u>	<u>208,544</u>
13,728	54,919
22,587,133	0
64,865,477	0
<u>87,466,338</u>	<u>54,919</u>
<u>104,797,842</u>	<u>263,463</u>
242,247	0
<u>2,146,668</u>	<u>0</u>
<u>2,388,915</u>	<u>0</u>
372,324	0
201,554	0
0	615,196
333,989	0
492,161	0
8,000,000	0
861,984	0
1,732,114	0
111,175	0
<u>12,105,301</u>	<u>615,196</u>

(Continued)

CITY OF NEWARK, OHIO**Statement of Net Position
Proprietary Funds
December 31, 2017**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Storm Water
Noncurrent Liabilities:			
Matured Bonds and Interest Payable	23	13,705	0
General Obligation Bonds Payable	2,489,068	915,000	3,636,063
OWDA Loans Payable	2,407,027	39,703,802	3,326,885
OPWC Loans Payable	0	1,117,466	0
Compensated Absences Payable	149,816	96,545	9,802
Net Pension Liability	3,604,660	1,782,884	245,363
Total Noncurrent Liabilities	8,650,594	43,629,402	7,218,113
Total Liabilities	16,096,330	45,939,645	9,567,435
Deferred Inflows of Resources:			
Pension:			
OPERS	70,348	34,847	4,688
Total Deferred Inflows of Resources	70,348	34,847	4,688
Net Position:			
Net Investment in Capital Assets	12,544,391	11,744,313	3,074,973
Unrestricted	(680,564)	7,069,114	1,721,237
Total Net Position	\$ 11,863,827	\$ 18,813,427	\$ 4,796,210

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

Net Position of Business-type Activities

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

	Governmental
	Activities -
	Internal Service
Total	Funds
13,728	0
7,040,131	0
45,437,714	0
1,117,466	0
256,163	0
5,632,907	0
59,498,109	0
71,603,410	615,196
109,883	0
109,883	0
27,363,677	0
8,109,787	(351,733)
\$ 35,473,464	\$ (351,733)
148,918	
\$ 35,622,382	

CITY OF NEWARK, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2017**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Storm Water
Operating Revenues:			
Charges for Services	\$ 6,687,042	\$ 8,174,285	\$ 2,987,664
Other Operating Revenues	108,650	230,650	10,769
Total Operating Revenues	6,795,692	8,404,935	2,998,433
Operating Expenses:			
Personal Services	2,717,505	1,559,126	265,434
Contractual Services	1,363,517	2,574,735	1,420,313
Materials and Supplies	892,065	330,897	50,807
Depreciation	832,468	1,355,051	163,199
Total Operating Expenses	5,805,555	5,819,809	1,899,753
Operating Income (Loss)	990,137	2,585,126	1,098,680
Non-Operating Revenue (Expenses):			
Interest and Fiscal Charges	(463,105)	(746,017)	(343,394)
Other Nonoperating Revenue	1,490	0	0
Other Nonoperating Expense	(20,955)	(7,339)	(145)
Total Non-Operating Revenues (Expenses)	(482,570)	(753,356)	(343,539)
Income (Loss) Before Transfers and Contributions	507,567	1,831,770	755,141
Transfers and Contributions:			
Transfers In	0	118,656	0
Transfers Out	(19,880)	0	(98,776)
Capital Contributions	84,610	99,883	237,728
Total Transfers and Contributions	64,730	218,539	138,952
Change in Net Position	572,297	2,050,309	894,093
Net Position Beginning of Year	11,291,530	16,763,118	3,902,117
Net Position End of Year	\$ 11,863,827	\$ 18,813,427	\$ 4,796,210

Change in Net Position - Total Enterprise Funds

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

Change in Net Position - Business-type Activities

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

	Governmental Activities - Internal Service Funds
Total	
\$ 17,848,991	\$ 7,323,848
350,069	6,338
18,199,060	7,330,186
4,542,065	7,492,889
5,358,565	0
1,273,769	0
2,350,718	0
13,525,117	7,492,889
4,673,943	(162,703)
(1,552,516)	0
1,490	0
(28,439)	0
(1,579,465)	0
3,094,478	(162,703)
118,656	0
(118,656)	0
422,221	0
422,221	0
3,516,699	(162,703)
31,956,765	(189,030)
\$ 35,473,464	\$ (351,733)
\$ 3,516,699	
(31,851)	
\$ 3,484,848	

CITY OF NEWARK, OHIO

***Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017***

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Storm Water
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$6,656,112	\$8,263,865	\$2,952,503
Cash Received for Interfund Services	0	0	0
Cash Payments for Goods and Services	(2,227,109)	(3,069,096)	(1,504,813)
Cash Payments to Employees	(2,226,680)	(1,332,225)	(228,642)
Net Cash Provided by Operating Activities	2,202,323	3,862,544	1,219,048
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	0	118,656	0
Transfers Out to Other Funds	(19,880)	0	(98,776)
Net Cash Provided (Used) by Noncapital Financing Activities	(19,880)	118,656	(98,776)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(1,467,250)	(8,395,505)	(2,051,450)
Capital Grants	0	0	173,433
General Obligation Notes Issued	6,000,000	0	2,000,000
General Obligation Note Retirement	(5,000,000)	0	(2,000,000)
Principal Paid on Capital Leases	(27,607)	0	0
Principal Paid on General Obligation Bonds	(618,859)	(39,511)	(162,413)
Ohio Water Development Authority Loans Issued	0	7,970,502	1,664,885
Principal Paid on Ohio Water Development Authority Loans	(128,832)	(1,491,635)	(176,812)
Principal Paid on Ohio Public Works Commission Loans	0	(111,175)	0
Interest Paid on All Debt	(1,204,611)	(765,624)	(250,916)
Net Cash Used by			
Capital and Related Financing Activities	(2,447,159)	(2,832,948)	(803,273)
Net Increase (Decrease) in Cash and Cash Equivalents	(264,716)	1,148,252	316,999
Cash and Cash Equivalents at Beginning of Year	5,009,194	6,578,179	1,665,411
Cash and Cash Equivalents at End of Year	\$4,744,478	\$7,726,431	\$1,982,410
<u>Reconciliation of Cash and</u>			
<u>Cash Equivalents per the Statement of Net Position:</u>			
Cash and Cash Equivalents	\$4,744,455	\$7,712,726	\$1,982,410
Restricted Cash with Fiscal Agent	23	13,705	0
Cash and Cash Equivalents at End of Year	\$4,744,478	\$7,726,431	\$1,982,410

CITY OF NEWARK, OHIO

	Governmental- Activities
Total	Internal Service
\$17,872,480	\$0
0	7,330,186
(6,801,018)	0
(3,787,547)	(7,100,643)
7,283,915	229,543
118,656	0
(118,656)	0
0	0
(11,914,205)	0
173,433	0
8,000,000	0
(7,000,000)	0
(27,607)	0
(820,783)	0
9,635,387	0
(1,797,279)	0
(111,175)	0
(2,221,151)	0
(6,083,380)	0
1,200,535	229,543
13,252,784	33,920
\$14,453,319	\$263,463
\$14,439,591	\$208,544
13,728	54,919
\$14,453,319	\$263,463

(Continued)

CITY OF NEWARK, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017**

	Business-Type Activities Enterprise Funds		
	Water	Sewer	Storm Water
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income (Loss)	\$990,137	\$2,585,126	\$1,098,680
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided by Operating Activities:			
Depreciation Expense	832,468	1,355,051	163,199
Nonoperating Revenue	1,490	0	0
Nonoperating Expense	(20,955)	(7,339)	(145)
Changes in Assets, Liabilities, and Deferred Outflows/Inflows:			
Increase in Accounts Receivable	(141,070)	(141,070)	(45,930)
Increase in Inventory	(7,782)	(3,134)	(3,307)
(Increase) Decrease in Prepaid Items	0	(387)	12
Increase in Deferred Outflows of Resources	(291,253)	(141,909)	(23,921)
Increase (Decrease) in Accounts Payable	57,210	(152,509)	(30,253)
Decrease in Intergovernmental Payable	0	(95)	0
Increase (Decrease) in Accrued Wages and Benefits	(3,879)	(1,384)	380
Increase in Claims Payable	0	0	0
Increase (Decrease) in Compensated Absences	53,410	13,654	(564)
Increase in Net Pension Liability	743,923	362,277	61,462
Decrease in Deferred Inflows of Resources	(11,376)	(5,737)	(565)
Total Adjustments	<u>1,212,186</u>	<u>1,277,418</u>	<u>120,368</u>
Net Cash Provided by Operating Activities	<u>\$2,202,323</u>	<u>\$3,862,544</u>	<u>\$1,219,048</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2017 the Water Fund had outstanding liabilities of \$127,140 for the purchase of certain capital assets.

During 2017 the Water Fund, Sewer Fund, and Storm Water Fund received noncash capital contributions of \$84,610, \$99,883, and \$64,295, respectively.

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

	Governmental- Activities
<u>Total</u>	<u>Internal Service</u>
\$4,673,943	(\$162,703)
2,350,718	0
1,490	0
(28,439)	0
(328,070)	0
(14,223)	0
(375)	0
(457,083)	0
(125,552)	0
(95)	0
(4,883)	0
0	392,246
66,500	0
1,167,662	0
(17,678)	0
<u>2,609,972</u>	<u>392,246</u>
<u>\$7,283,915</u>	<u>\$229,543</u>

CITY OF NEWARK, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2017***

	<u>Agency Funds</u>
Assets:	
Receivables:	
Taxes	\$ 14,150
Restricted Assets:	
Cash and Cash Equivalents	<u>2,007,121</u>
Total Assets	<u>2,021,271</u>
Liabilities:	
Intergovernmental Payable	1,798,311
Due to Others	<u>222,960</u>
Total Liabilities	<u>\$ 2,021,271</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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, 2017 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

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

B. Basis of Presentation - Fund Accounting

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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 is the City's only major governmental fund:

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.

Proprietary Funds

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

Fiduciary Funds

Agency Funds - These funds are used to account for assets the City holds in a trustee capacity or as an agent for individuals, private organizations, other governments and other funds. The agency funds account for municipal court monies, fire damage reimbursements, fines for the Licking County law library and Joint Economic Development Zone income tax collections. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

C. Basis of Presentation – Financial Statements

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

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

D. Basis of Accounting

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

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

Special assessment installments including related accrued interest, which are measurable but not available at December 31, are recorded as deferred inflows of resources. Property taxes which are measurable at December 31, 2017 but are not intended to finance 2017 operations, and delinquent property taxes whose availability is indeterminate, are recorded as deferred inflows of resources. Property taxes are further described in Note 6.

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

E. Budgetary Process

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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

1. Tax Budget

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

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2017.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the department and object code level. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified by the County Budget Commission. During the year, several supplemental appropriations were necessary to budget contingency funds, intergovernmental grants and proceeds of debt issues.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations (Continued)

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" are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. Lapsing of Appropriations

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Budgetary Basis of Accounting

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

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

Net Change in Fund Balance	
	General Fund
GAAP Basis (as reported)	\$1,634,437
Increase (Decrease):	
Accrued Revenues at December 31, 2017	
received during 2018	(2,049,197)
Accrued Revenues at December 31, 2016	
received during 2017	1,744,365
Accrued Expenditures at December 31, 2017	
paid during 2018	1,265,286
Accrued Expenditures at December 31, 2016	
paid during 2017	(1,232,459)
2016 Prepaids for 2017	51,815
2017 Prepaids for 2018	(53,232)
Outstanding Encumbrances	(1,269,740)
Budget Basis	<u>\$91,275</u>

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, the State Treasury Asset Reserve (STAR Ohio), and short-term certificates of deposit with original maturities of three months or less. The Star Ohio and certificates of deposit are considered cash equivalents because they are highly liquid investments. See Note 5, "Cash, Cash Equivalents and Investments."

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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" and GASB Statement No. 72, "Fair Value Measurement and Application," the City records all its investments at fair value except for nonparticipating investment contracts which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statements.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. See Note 5, "Cash, Cash Equivalents and Investments."

The City's investment in the State Treasury Asset Reserve of Ohio (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 and is recognized as an external investment pool by the City. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For fiscal year 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

H. Inventory

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017, 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, 2017***

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 \$15,000.

1. Property, Plant and Equipment - Governmental Activities

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

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

2. Property, Plant and Equipment – Business Type Activities

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

3. Depreciation

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

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, Sewer Fund, Storm Water Fund Tax Increment Financing Fund Debt Service Fund
OWDA Loans	Water Fund, Sewer Fund, Storm Water Fund
OPWC Loans	Permissive License Tax Fund, Sewer Fund
Capital Leases	General Fund, Capital Improvement Fund, Water Fund, Storm Water Fund
Compensated Absences	General Fund Street Department Fund Community Development Fund Court Computerization Fund Probation Grant Fund Water Fund Sewer Fund Storm Water Fund
Accrued Pension Liability	General Fund
Worker's Compensation Retrospective Liability	General Fund
ODOT SIB Loan	Tax Increment Financing Fund

L. Compensated Absences

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences (Continued)

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments. In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," the City records a liability for vacation time and sick leave when the obligation is attributable to services previously rendered or to rights that vest or accumulate, and when payment of the obligation is probable and can be reasonably determined. For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. For governmental funds, the portion of unpaid compensated absences expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The long-term portion of the liability is reported in the Government-wide Statements under Long-term Liabilities.

M. Net Position

Net position represents the difference between assets, liabilities, and deferred outflows/inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

N. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. In order to avoid distorting the measurement of the cost of individual functional activities, entries are made to eliminate the activity provided by the internal service funds to those funds considered governmental and those considered business-type. The elimination of the internal service funds is based on the activity of each fund to which it provides service. Interfund services provided and used are not eliminated through the process of consolidation.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Pensions

The provision for pension cost is recorded when the related payroll is accrued and the obligation is incurred. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

P. Fund Balances

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

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

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Restricted Assets

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

R. Operating Revenues and Expenses

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City and that are either unusual in nature or infrequent in occurrence. The City had no special or extraordinary items to report during 2017.

T. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows for the deferred charge on debt refunding and for deferred pension amounts. The deferred charge on debt refunding is reported in the government-wide statement of net position and proprietary funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources are reported for pension amounts on the government-wide and proprietary funds statement of net position. See Note 10.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Deferred Outflows/Inflows of Resources (Continued)

In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, income taxes, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide and proprietary funds statement of net position. See Note 10.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2017, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 73, “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,” Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,” Statement No. 80, “Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14,” Statement No. 81, “Irrevocable Split-Interest Agreements,” and Statement No. 82, “Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73.”

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions.

GASB Statement No. 74 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments.

GASB Statement No. 81 addresses irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82 addresses certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68.

These changes were incorporated in the City’s 2017 financial statements; however, there was no effect on beginning net position/fund balance.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities –The fund deficit at December 31, 2017 of \$239,683 in the Tax Increment Financing Fund (debt service fund) arises from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary/cash basis. The general fund provides transfers when cash is required, not when accruals occur.

NOTE 4 – FUND BALANCE CLASSIFICATION

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

<u>Fund Balances</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:			
Supplies Inventory	\$143,390	\$493,257	\$636,647
Prepaid Items	53,232	0	53,232
Total Nonspendable	196,622	493,257	689,879
Restricted:			
Community Development	0	3,301,607	3,301,607
Capital Acquisition and Improvement	0	621,039	621,039
Cemetery Maintenance	0	1,186,153	1,186,153
Memorial Sidewalk Program	0	73,324	73,324
Street Maintenance	0	1,655,093	1,655,093
Adult Probation Program	0	289,085	289,085
FTA Taxi Token Program	0	1,491	1,491
Court Improvements	0	2,257,240	2,257,240
Law Enforcement	0	459,885	459,885
Safety Grants Program	0	16,905	16,905
Pollution Remediation	0	17,520	17,520
Debt Retirement	0	1,118,394	1,118,394
Total Restricted	0	10,997,736	10,997,736
Assigned:			
Fiscal 2018 Budget Deficit	2,824,136	0	2,824,136
Supplies and Services	1,064,815	0	1,064,815
Compensated Absences	299,474	0	299,474
Total Assigned	4,188,425	0	4,188,425
Unassigned (Deficits):	2,080,002	(239,683)	1,840,319
Total Fund Balances	\$6,465,049	\$11,251,310	\$17,716,359

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 5 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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

- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City has no deposit policy for custodial risk beyond the requirements of State statute.

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

A. Deposits

At year end the carrying amount of the City's deposits was \$24,901,061 and the bank balance was \$25,888,444. Federal depository insurance covered \$20,092,264 of the bank balance and \$5,796,180 was uninsured and collateralized with securities held in the Ohio Pooled Collateral System.

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CITY OF NEWARK, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2017

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

B. Investments

The City's investments at December 31, 2017 are summarized below:

	Fair Value	Credit Rating	Fair Value Hierarchy	Concentration of Credit Risk	Investment Maturities (in Years)		
					less than 1	1-3	3-5
STAR Ohio ⁴	\$1,851,621	AAAm ¹	NA	26.90%	\$1,851,621	\$0	\$0
Government Agency MM ⁴	282,730	AA+ ¹	NA	4.11%	282,730	0	0
Corporate Equities*	233,026	N/A	Level 2	3.38%	233,026	0	0
Mutual Funds ⁴	292,249	Aaa-Baa ²	NA	4.24%	292,249	0	0
Negotiable CD's	956,123	AAA ³	Level 2	13.89%	0	956,123	0
FHLB	790,971	AA+ ¹	Level 2	11.49%	296,631	0	494,340
FFCB	9,920	AA+ ¹	Level 2	0.14%	9,920	0	0
FHLMC	1,722,865	AA+ ¹	Level 2	25.02%	239,429	0	1,483,436
FNMA	745,868	AA+ ¹	Level 2	10.83%	745,868	0	0
Total Investments	<u>\$6,885,373</u>			<u>100.00%</u>	<u>\$3,951,474</u>	<u>\$956,123</u>	<u>\$1,977,776</u>

* Corporate Equities do not have a maturity

¹ Standard & Poor's

² Moody's Investor Service

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

⁴ Reported at amortized cost

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

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

Concentration of Credit Risk – The City places no limit on the amount it may invest in any one issuer. The allocation of investments is detailed above.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property located in the City. Real property taxes (other than public utility) collected during 2017 were levied after October 1, 2016 on assessed values as of January 1, 2016, the lien date. Assessed values are established by the county auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments are made in the third year following reappraisal. The last reappraisal was completed in 2017. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

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

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

The full tax rate for the City's operations for the year ended December 31, 2017 was \$3.70 per \$1,000 of assessed value. The assessed value upon which the 2017 levy was based was \$843,197,460. This amount constitutes \$811,641,300 in real property assessed value and \$31,556,160 in public utility assessed value.

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

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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 7 - RECEIVABLES

Receivables at December 31, 2017 consisted of taxes, interest, accounts, loans, and intergovernmental receivables arising from shared revenues.

NOTE 8 – INTERFUND ACTIVITY**A. Transfers**

Following is a summary of transfers in and out for all funds for 2017:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$0	\$2,512,069
Other Governmental Funds	2,560,274	48,205
Total Governmental Funds	<u>2,560,274</u>	<u>2,560,274</u>
Proprietary Funds:		
Water Fund	0	19,880
Sewer Fund	118,656	0
Storm Water Fund	0	98,776
Total Proprietary Funds	<u>118,656</u>	<u>118,656</u>
Total Transfers	<u>\$2,678,930</u>	<u>\$2,678,930</u>

Transfers for the year ended December 31, 2017 included an \$823,011 transfer from the General Fund to Capital Improvement Fund which were EMS receipts dedicated to capital improvements. \$1,627,344 was transferred from the General Fund to the Debt Service Funds for debt payments. Transfers from Other Governmental funds of \$48,205 were the result of the reclass of debt retirement. Transfers out of the Water and Storm Water Funds to the Sewer Fund were for debt retirement reclassification. All transfers were made in accordance with Ohio Revised Code.

B. Interfund Receivables/Payables

The following is a summary of interfund loans receivable and payable for all funds for 2017:

<u>Fund</u>	<u>Interfund Loans Receivable</u>	<u>Interfund Loans Payable</u>
General Fund	\$53,955	\$0
Other Governmental Funds	0	53,955
Totals	<u>\$53,955</u>	<u>\$53,955</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, 2017**

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2017:

Historical Cost:

Class	December 31, 2016	Additions	Deletions	December 31, 2017
Capital assets not being depreciated:				
Land	\$20,059,826	\$0	\$0	\$20,059,826
Construction in Progress	2,523,672	1,149,628	(1,491,451)	2,181,849
Sub-Total	22,583,498	1,149,628	(1,491,451)	22,241,675
Capital assets being depreciated:				
Buildings	22,560,594	0	(30,950)	22,529,644
Improvements Other than Buildings	4,331,622	23,571	0	4,355,193
Infrastructure	68,235,258	4,368,673	(688,712)	71,915,219
Machinery and Equipment	10,690,265	526,662	(129,491)	11,087,436
Total Cost	\$128,401,237	\$6,068,534	(\$2,340,604)	\$132,129,167

Accumulated Depreciation:

Class	December 31, 2016	Additions	Deletions	December 31, 2017
Buildings	(\$7,749,930)	(\$466,770)	\$20,278	(\$8,196,422)
Improvements Other than Buildings	(3,633,846)	(87,774)	0	(3,721,620)
Infrastructure	(41,135,877)	(1,773,165)	485,703	(42,423,339)
Machinery and Equipment	(8,725,332)	(510,419)	129,491	(9,106,260)
Total Depreciation	(\$61,244,985)	(\$2,838,128) *	\$635,472	(\$63,447,641)
Net Value:	\$67,156,252			\$68,681,526

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$750,636
Leisure Time Activities	45,407
Community Environment	36,959
Transportation	1,846,089
General Government	159,037
Total Depreciation Expense	<u>\$2,838,128</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 9 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2017:

Historical Cost:

Class	December 31, 2016	Additions	Deletions	December 31, 2017
Capital assets not being depreciated:				
Land	\$161,800	\$0	\$0	\$161,800
Construction in Progress	13,741,120	11,390,662	(2,706,449)	22,425,333
Sub-Total	13,902,920	11,390,662	(2,706,449)	22,587,133
Capital assets being depreciated:				
Buildings and Improvements	58,091,134	89,000	0	58,180,134
Infrastructure	30,164,651	2,706,449	0	32,871,100
Machinery and Equipment	30,546,308	394,191	(88,923)	30,851,576
Total Cost	<u>\$132,705,013</u>	<u>\$14,580,302</u>	<u>(\$2,795,372)</u>	<u>\$144,489,943</u>

Accumulated Depreciation:

Class	December 31, 2016	Additions	Deletions	December 31, 2017
Buildings and Improvements	(\$20,111,092)	(\$1,592,116)	\$0	(\$21,703,208)
Infrastructure	(5,114,540)	(478,327)	0	(5,592,867)
Machinery and Equipment	(29,549,906)	(280,275)	88,923	(29,741,258)
Total Depreciation	<u>(\$54,775,538)</u>	<u>(\$2,350,718)</u>	<u>\$88,923</u>	<u>(\$57,037,333)</u>
Net Value:	<u>\$77,929,475</u>			<u>\$87,452,610</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 10 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City’s obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	<u>1.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$1,196,988 for 2017. Of this amount, \$180,349 is reported as an intergovernmental payable.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>Police</u>	<u>Firefighters</u>
2017 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2017 through December 31, 2017	12.25 %	12.25 %
2017 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee:		
January 1, 2017 through December 31, 2017	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$2,041,586 for 2017. Of this amount, \$256,950 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$16,578,043	\$29,611,621	\$46,189,664
Proportion of the Net Pension Liability-2017	0.073004%	0.467510%	
Proportion of the Net Pension Liability-2016	<u>0.074871%</u>	<u>0.467618%</u>	
Percentage Change	<u>(0.001867%)</u>	<u>(0.000108%)</u>	
Pension Expense	\$3,347,053	\$3,493,902	\$6,840,955

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017****NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$2,468,855	\$2,879,600	\$5,348,455
Changes in assumptions	2,629,480	0	2,629,480
Differences between expected and actual experience	22,470	8,377	30,847
City contributions subsequent to the measurement date	<u>1,196,988</u>	<u>2,041,586</u>	<u>3,238,574</u>
Total Deferred Outflows of Resources	<u>\$6,317,793</u>	<u>\$4,929,563</u>	<u>\$11,247,356</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$98,665	\$68,178	\$166,843
Change in proportionate share	<u>223,129</u>	<u>359,332</u>	<u>582,461</u>
Total Deferred Inflows of Resources	<u>\$321,794</u>	<u>\$427,510</u>	<u>\$749,304</u>

\$3,238,574 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2018	\$1,940,195	\$1,007,004	\$2,947,199
2019	2,060,067	1,007,003	3,067,070
2020	871,117	746,049	1,617,166
2021	(72,368)	(282,010)	(354,378)
2022	0	(17,743)	(17,743)
2023	<u>0</u>	<u>164</u>	<u>164</u>
Total	<u>\$4,799,011</u>	<u>\$2,460,467</u>	<u>\$7,259,478</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2018. 2.15 percent simple, thereafter
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$25,326,665	\$16,578,043	\$9,287,612

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2016 is based on the results of an actuarial valuation date of January 1, 2016, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2016, are presented below:

Valuation Date	January 1, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2016 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation Protected *	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Real Assets	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	120.00 %	

* levered 2x

OPF's Board of Trustees has incorporated the "risk parity" concept into OPF's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$39,439,170	\$29,611,621	\$21,282,639

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 11 - POSTEMPLOYMENT BENEFITS

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

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. Please see the Plan Statement in the OPERS 2016 CAFR for details.

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

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

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS may be set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2017, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0% during calendar year 2017. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited for Member-Directed Plan participants for 2017 was 4.0%.

The City's contributions for health care to the OPERS for the years ending December 31, 2017, 2016, and 2015 were \$93,698, \$192,369 and \$199,848, respectively, which were equal to the required contributions for each year.

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

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2017, the portion of employer contributions allocated to health care was 0.5% of covered payroll for both police officers and firefighters. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2017, 2016, and 2015 were \$22,231, \$22,972 and \$23,070 for police and \$25,409, \$24,776 and \$24,008 for firefighters, respectively, which were equal to the required contributions for each year.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2017****NOTE 12 - NOTES PAYABLE**

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

	Balance January 1, 2017	Issued	(Retired)	Balance December 31, 2017
Special Revenue Fund Notes Payable:				
2.150% Landfill Reclamation	\$370,000	\$0	(\$370,000)	\$0
3.000% Landfill Reclamation	0	370,000	(370,000)	0
Total Special Revenue Fund Notes Payable	370,000	370,000	(740,000)	0
Capital Projects Fund Notes Payable:				
1.625% City Hall Parking Deck	300,000	0	(300,000)	0
1.625% Service Complex Roof	200,000	0	(200,000)	0
1.625% South Second Street Bridge	600,000	0	(600,000)	0
1.750% Various Street Improvements	1,120,000	0	(1,120,000)	0
2.250% Various Street Improvements	0	1,120,000	0	1,120,000
2.500% Fire Engine Repair	0	91,000	0	91,000
Total Capital Projects Fund Notes Payable	2,220,000	1,211,000	(2,220,000)	1,211,000
Enterprise Fund Notes Payable:				
2.000% Downtown Waterline	5,000,000	0	(5,000,000)	0
2.050% Downtown Waterline	0	5,000,000	0	5,000,000
2.250% Tamarack Waterline	0	1,000,000	0	1,000,000
1.750% Buckeye Corridor Storm Water	2,000,000	0	(2,000,000)	0
2.250% Buckeye Corridor Storm Water	0	2,000,000	0	2,000,000
Total Enterprise Fund Notes Payable	7,000,000	8,000,000	(7,000,000)	8,000,000
Total Notes Payable	\$9,590,000	\$9,581,000	(\$9,960,000)	\$9,211,000

CITY OF NEWARK, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2017

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

Long-term debt and other long-term obligations of the City at December 31, 2017 were as follows:

				Balance December 31, 2016	Additions	Deductions	Balance December 31, 2017	Amount Due Within One Year
Governmental Activities:								
General Obligation Bonds:								
East Main Street								
Improvement Refunding (TIF)	1.5%-3.00%	2028		\$1,700,000	\$0	(\$125,000)	\$1,575,000	\$125,000
East Main Street Bridge	4.50%	2021		500,000	0	(100,000)	400,000	100,000
Police and Fire Facilities	2.0%-4.75%	2031		72,230	0	(72,230)	0	0
Police and Fire Facilities Refunding	2.0%-4.00%	2031		7,930,000	0	0	7,930,000	250,000
Police and Fire Facilities	1.0%-4.00%	2030		680,000	0	(680,000)	0	0
Downtown Fire Station	2.0%-4.00%	2036		5,200,000	0	(150,000)	5,050,000	210,000
Ice Arena Renovations	1.0%-4.00%	2030		175,000	0	(175,000)	0	0
Evans Boulevard Construction	1.0%-2.70%	2020		240,000	0	(240,000)	0	0
Various Purpose Refunding	2.0%-4.00%	2031		0	980,000	0	980,000	110,000
Deo Drive Improvement (TIF)	3.75%-4.38%	2027		705,000	0	(65,000)	640,000	65,000
Landfill Reclamation	1.90%-5.00%	2031		985,000	0	(935,000)	50,000	50,000
Landfill Reclamation Refunding	2.0%-4.00%	2031		0	915,000	0	915,000	5,000
Various Purpose	2.0%-3.25%	2037		0	1,550,000	0	1,550,000	45,000
				18,187,230	3,445,000	(2,542,230)	19,090,000	960,000
Bond Premium				695,928	97,015	(41,626)	751,317	0
Interest Accretion				269,884	42,886	(312,770)	0	0
Total General Obligation Bonds				19,153,042	3,584,901	(2,896,626)	19,841,317	960,000
ODOT State Infrastructure Bank Loan:								
Waterworks Road Improvements	3.00%	2019		784,505	0	(306,812)	477,693	316,085
Ohio Public Works								
Commission Loans (OPWC):								
West Church Street Bridge	0.00%	2034		555,000	0	(30,000)	525,000	30,000
West Main Street Improvements	0.00%	2022		3,277	196,723	0	200,000	40,000
Sharon Valley Road/Evans Boulevard	0.00%	2028		0	185,000	0	185,000	9,250
Total OPWC Loans				558,277	381,723	(30,000)	910,000	79,250
Capital Leases				835,963	453,494	(270,880)	1,018,577	222,510
Net Pension Liability:								
Ohio Public Employees Retirement System				8,503,398	2,441,738	0	10,945,136	0
Ohio Police and Fire Pension Fund				30,082,169	0	(470,548)	29,611,621	0
Total Net Pension Liability				38,585,567	2,441,738	(470,548)	40,556,757	0
Worker's Compensation Retrospective Liability				155,848	120,087	(155,848)	120,087	37,972
Accrued Pension Liability				1,587,658	0	(58,136)	1,529,522	60,632
Compensated Absences Payable				3,372,379	1,451,244	(1,377,888)	3,445,735	1,422,881
Total Governmental Activities				\$65,033,239	\$8,433,187	(\$5,566,738)	\$67,899,688	\$3,099,330

CITY OF NEWARK, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2017

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

			Balance December 31, 2016	Additions	Deductions	Balance December 31, 2017	Amount Due Within One Year
Business-Type Activities:							
General Obligation Bonds:							
Water System Improvement Refunding	3.75%-4.50%	2018	\$1,064,723	\$0	(\$547,739)	\$516,984	\$516,984
Interest Accretion			1,701,743	147,586	(947,261)	902,068	0
			2,766,466	147,586	(1,495,000)	1,419,052	516,984
Storm Water Improvement	2.50%-5.50%	2034	1,470,000	0	(1,360,000)	110,000	55,000
Storm Water Improvement	1.70%-5.25%	2030	1,130,000	0	(1,065,000)	65,000	65,000
Storm Water Improvement Refunding	2.00%-4.00%	2034	0	2,470,000	0	2,470,000	15,000
Various Purpose	1.00%-3.00%	2032	3,878,044	0	(158,044)	3,720,000	210,000
			9,244,510	2,617,586	(4,078,044)	7,784,052	861,984
Bond Premium			0	118,063	0	118,063	0
Total General Obligation Bonds			9,244,510	2,735,649	(4,078,044)	7,902,115	861,984
Ohio Water Development							
Authority Loans (OWDA):							
Licking River Interceptor Construction	3.25%	2026	1,523,971	0	(131,254)	1,392,717	135,554
Stormwater Utility Planning	3.36%	2028	420,487	0	(57,696)	362,791	59,651
Wastewater Electrical Improvements	0.61%	2027	1,609,204	0	(141,877)	1,467,327	142,744
Wastewater High Rate Treatment System	4.67%	2031	11,845,421	0	(610,546)	11,234,875	636,084
CSO Sewer Separation	3.36%	2028	726,256	0	(21,340)	704,916	22,063
Water Plant Generator	3.53%	2030	822,355	0	(46,328)	776,027	47,977
CSO Sewer Separation	3.25%	2031	1,645,429	0	(86,691)	1,558,738	89,532
Automated Meter Reading	3.53%	2031	1,847,128	0	(82,505)	1,764,623	85,645
CSO Sewer Separation 1030	2.45%	2033	2,125,321	0	(105,943)	2,019,378	108,555
Raccoon Creek Interceptor	2.64%	2033	6,447,260	0	(304,947)	6,142,313	313,051
Aeration System Modifications	2.48%	2034	1,924,271	0	(89,036)	1,835,235	91,258
Downtown Sewer Separation	2.01%	2037	6,916,641	7,970,502	0	14,887,143	0
Alternative Storm Water	1.00%	2032	1,477,976	1,664,885	(119,116)	3,023,745	0
Total OWDA Loans			39,331,720	9,635,387	(1,797,279)	47,169,828	1,732,114
Ohio Public Works							
Commission Loans (OPWC):							
Licking River Interceptor Construction	0.00%	2026	298,543	0	(28,433)	270,110	28,433
Sewer Improvements	0.00%	2022	25,905	0	(4,318)	21,587	4,318
Idlewild Park Sewer Phase I	0.00%	2022	22,815	0	(3,259)	19,556	3,259
Idlewild Park Sewer Phase II	0.00%	2024	285,275	0	(33,561)	251,714	33,561
Channel Street/Postal Avenue Sewer	0.00%	2033	707,278	0	(41,604)	665,674	41,604
Total OPWC Loans			1,339,816	0	(111,175)	1,228,641	111,175
Capital Leases			27,607	0	(27,607)	0	0
Net Pension Liability:							
Ohio Public Employees Retirement System			4,465,245	1,167,662	0	5,632,907	0
Compensated Absences			523,652	395,408	(328,908)	590,152	333,989
Total Business-Type Activities			\$54,932,550	\$13,934,106	(\$6,343,013)	\$62,523,643	\$3,039,262

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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

The City's liability for past service costs relating to the Police and Firemen's Pension Fund at December 31, 2017 was \$2,181,874 in principal and interest payments through the year 2035. Only the principal amount of \$1,529,522 is included in the Government-wide Statement of Net Position.

The East Main Street Improvement Bonds are tax increment financing bonds issued in 1999 in the amount of \$3.5 million and were used for updating and installing a sanitary sewer, road improvements, street lighting and traffic control and flood control improvements. These bonds were advance refunded in 2006. In 2016, the 2006 refunding bonds were called (current refunding).

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

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

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

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

In 2017, \$980,000 of various purpose refunding bonds were issued to refund the 2010 Police and Fire Facilities bonds, Ice Arena Renovation bonds, and Evans Boulevard construction bonds.

In 2016, the City issued \$5,200,000 of general obligation bonds for the construction of a downtown fire station.

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

The Landfill Reclamation bonds were issued in 2011 in the amount of \$1.2 million to provide for pollution remediation activities due to violation of an Ohio EPA National Pollutant Discharge Elimination System permit. In 2017, \$915,000 of refunding bonds were issued to refund the 2011 bonds.

In 2017, the City issued \$1,550,000 of general obligation various purpose bonds for pollution remediation, parking deck improvements, South Second Street bridge improvements, and fire station improvements.

The Ohio Department of Transportation State Infrastructure Bank Loan will be used for improvements to Waterworks Road. The total loan amount of \$3 million will be paid back over a ten year period at a rate of 3%.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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

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

Storm Water Improvement bonds were issued in 2009 in the amount of \$1.8 million and in 2011 in the amount of \$1.5 million to provide for storm water improvements in the McKinley and Garfield Road area. In 2017, \$2,470,000 of refunding bonds were issued to refund the 2009 and 2011 Storm Water Improvement bonds.

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

A. Ohio Public Works Commission Loans

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

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

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

In 2013 the City obtained financing through the Ohio Public Works Commission for sanitary sewer improvements on Channel Street and Postal Avenue in the amount of \$832,090 at an interest rate of 0%.

In 2013 the City obtained financing through the Ohio Public Works Commission for improvements to the West Church Street Bridge in the amount of \$600,000 at an interest rate of 0%.

In 2016 the City obtained financing through the Ohio Public Works Commission for improvements to West Main Street in the amount of \$200,000 at an interest rate of 0%.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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

B. Ohio Water Development Authority Loans

Licking River Interceptor Construction - In 2006 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for construction of an interceptor on the Licking River. The interest rate on the loan is 3.25% per annum and is payable from wastewater collection and treatment charges.

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

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

Wastewater High Rate Treatment System - In 2007 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for installation of a wastewater high rate treatment system. The interest rate on the loan is 4.67%, per annum. This loan is payable from wastewater collection and treatment charges.

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

Water Plant Generator - In 2008 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for installation of a back up power generator at the water plant. The interest rate on the loan is 3.53%, per annum. This loan is payable from water charges.

Combined Sewer Overflow (CSO) Separation - In 2010 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for a combined sewer overflow separation project. The interest rate on the loan is 3.25%, per annum. This loan is payable from wastewater collection and treatment charges.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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

B. Ohio Water Development Authority Loans (Continued)

Automated Meter Reading - In 2010 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for an automated meter reading system. The interest rate on the loan is 3.53%, per annum. This loan is payable from water charges.

Combined Sewer Overflow (CSO) Separation - In 2012 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for a combined sewer overflow separation project. The interest rate on the loan is 2.45%, per annum. This loan is payable from wastewater collection and treatment charges.

Raccoon Creek Interceptor - In 2012 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for construction of an interceptor on Raccoon Creek. The interest rate on the loan is 2.64%, per annum. This loan is payable from wastewater collection and treatment charges.

Aeration System Modifications - In 2013 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 upgrades to the aeration system at the wastewater treatment plant. The interest rate on the loan is 2.48%, per annum. This loan is payable from wastewater collection and treatment charges.

Downtown Sewer Separation - In 2015 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for a combined sewer overflow separation project. The total amount is subject to change and has not been finalized. The interest rate on the loan is 2.01%, per annum. This loan is payable from wastewater collection and treatment charges and is received by the City in increments as the project is completed. As of December 31, 2017, the City had received \$14,887,143 from OWDA. Subsequent amounts will be received in future years. As of December 31, 2017 the loan has not been finalized and there is no amortization schedule for the loan.

Alternative Storm Water - In 2015 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 improvements. The total amount is subject to change and has not been finalized. The interest rate on the loan is 1.00%, per annum. This loan is payable from storm water collection charges and is received by the City in increments as the project is completed. As of December 31, 2017, the City had received \$3,142,861 from OWDA. Subsequent amounts will be received in future years. As of December 31, 2017 the loan has not been finalized and there is no amortization schedule for the loan.

Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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

C. 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, 2017 follows:

Years	Governmental Activities			
	General Obligation Bonds		Accrued Pension Liability	
	Principal	Interest	Principal	Interest
2018	\$960,000	\$664,772	\$60,632	\$64,368
2019	1,245,000	572,425	63,238	61,762
2020	1,270,000	534,375	65,954	59,046
2021	1,220,000	493,705	68,786	56,214
2022	1,165,000	461,379	71,740	53,260
2023-2027	6,205,000	1,793,249	407,656	217,344
2028-2032	5,210,000	811,506	503,056	121,944
2033-2037	1,815,000	183,813	288,460	18,414
Totals	<u>\$19,090,000</u>	<u>\$5,515,224</u>	<u>\$1,529,522</u>	<u>\$652,352</u>

Years	Governmental Activities			
	ODOT SIB Loan		OPWC Loans	
	Principal	Interest	Principal	Interest
2018	\$316,085	\$11,977	\$79,250	\$0
2019	161,608	2,424	88,500	0
2020	0	0	88,500	0
2021	0	0	88,500	0
2022	0	0	88,500	0
2023-2027	0	0	242,500	0
2028-2032	0	0	159,250	0
2033-2036	0	0	75,000	0
Totals	<u>\$477,693</u>	<u>\$14,401</u>	<u>\$910,000</u>	<u>\$0</u>

Years	Business-Type Activities					
	General Obligation Bonds		OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$861,984	\$1,274,537	\$1,732,114	\$801,871	\$111,175	\$0
2019	365,000	228,016	1,787,977	754,455	111,175	0
2020	375,000	149,630	1,845,820	705,403	111,175	0
2021	380,000	142,130	1,905,718	654,652	111,175	0
2022	390,000	134,530	1,967,752	602,143	111,175	0
2023-2027	2,090,000	545,570	10,668,403	2,158,231	423,133	0
2028-2032	2,195,000	236,725	8,535,838	698,267	208,024	0
2033-2036	225,000	10,200	815,318	16,522	41,609	0
Totals	<u>\$6,881,984</u>	<u>\$2,721,338</u>	<u>\$29,258,940</u>	<u>\$6,391,544</u>	<u>\$1,228,641</u>	<u>\$0</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

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

D. 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 through the issuance of \$13,093,825 of Water System Improvement Refunding 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 \$1,440,000 at December 31, 2017 are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

In September 2006, the City defeased \$2,405,000 of General Obligation Bonds for East Main Street Improvements dated September 1, 1999 through the issuance of \$2,645,000 of East Main Street Improvement Refunding Bonds. The net proceeds of the 2006 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$485,000 at December 31, 2017 are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

In October 2014, the City defeased \$7,780,000 of General Obligation Bonds for Police and Fire Facilities dated September 1, 2003 through the issuance of \$7,930,000 of Police and Fire Facilities Refunding Bonds. The net proceeds of the 2014 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$7,410,000 at December 31, 2017 are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

In October 2017 the City refunded \$1,305,000 of Storm Water Improvement Bonds dated 2009, \$1,005,000 of Storm Water Improvement Bonds dated 2011, \$985,000 of Various Purpose Street Bonds dated 2010, and \$885,000 of Landfill Reclamation Bonds dated 2011 through the issuance of \$4,365,000 of General Obligation Bonds. The net proceeds of the 2017 Bonds have been used to currently refund the 2010 Various Purpose Bonds. The remaining net proceeds 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 \$3,195,000 at December 31, 2017 are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding. The City reduced its aggregate debt service payments over the life of the refunded bonds by \$580,883 and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$499,827.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 14 - CAPITALIZED LEASES

The City leases several assets under capital leases. The original cost of equipment of \$1,175,069, and the related liability reported as Governmental Activities capital leases are reported on the Government Wide Statement of Net Position.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2017:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>
2018	\$255,981
2019	255,981
2020	255,981
2021	135,916
2022	135,916
2023	<u>74,927</u>
Minimum Lease Payments	1,114,702
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(96,125)</u>
Present value of minimum lease payments	<u><u>\$1,018,577</u></u>

NOTE 15 - INSURANCE AND RISK MANAGEMENT

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

A. Shared Risk Pool

The City of Newark is a participant in the Public Entities Pool of Ohio ("PEP Pool"). The PEP Pool was established in 1987 and is administered under contract by the York Risk Pooling Services, Inc. to provide Ohio municipalities with the most cost-effective, comprehensive coverage in the state.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 15 - INSURANCE AND RISK MANAGEMENT (Continued)

A. Shared Risk Pool (Continued)

The Pool's general objectives are to provide for a joint or cooperative action by Members relative to their financial and administrative resources for the purpose of providing risk management services and risk-sharing facilities to the Members and to the Members' employees, and to defend and protect any Member of the Pool against liability. The Public Entities Pool of Ohio was designed to offer Ohio public entities liability and property coverage at a fair and stable price. The PEP program is endorsed by the Association of Ohio Health Commissioners (SOHC), The Ohio Parks and Recreation Association (OPRA), and the Coalition of Ohio Regional Districts (CORD). PEP is the oldest public entity pool in Ohio with more than 500 Members. PEP is owned by its Members, and provides a viable alternative to traditional insurance.

Members of the Pool may withdraw coverage upon 60 days written notice to York Risk Services Group prior to their renewal date by certified return receipt mail. Each participant makes an annual "contribution" to the Pool for the coverage they are provided based on their exposures and rates established by the Pool using anticipated and actual results of operation for the various coverage's provided.

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

Adequate and appropriate reinsurance is essential to protect the financial integrity of a group self-insurance program. PEP is a Member of a unique reinsurance pool known as American Public Entity Excess Pool (APEEP). This reinsurance arrangement is composed strictly of public entity pools that mirror PEP in their operation. Member are eligible to receive limits of liability up to \$15,000,000 for claims resulting from general, automobile, police professional, and public officials liability. Major reinsurer participate with APEEP in providing this protection. Property and vehicle losses are reinsured through APEEP in a similar manner with limits of \$750,000,000 available for loss in any one occurrence.

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 15 - INSURANCE AND RISK MANAGEMENT (Continued)

B. Self Insurance

The City established a Self-Insurance Fund (internal service fund) to account for and finance its health and dental uninsured risks of loss. Under this program, the Self-Insurance Fund provides coverage for up to a maximum of \$100,000 for health insurance claims per individual and \$1,000 for dental claims per individual. The plan is administered by a third party administrator, MedBen which monitors all claim payments. The City purchases insurance for claims in excess of health insurance coverage provided by the Self-Insurance Fund. All departments of the City participate in the program and make payments to the Self-Insurance Fund based on participation of employees and their dependents. Employees that are members of the AFSCME Union obtain dental coverage through the AFSCME organization.

A liability for unpaid claims cost of \$615,196 is based on the requirements of GASB 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Interfund premiums are based primarily upon the insured funds' claims experience.

Changes in the fund's claims liability in 2016 and 2017 were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2016	\$442,690	\$8,434,470	(\$8,654,210)	\$222,950
2017	222,950	7,492,889	(7,100,643)	615,196

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2017***

NOTE 16 - SIGNIFICANT COMMITMENTS

A. Contractual Commitments

The City had the following significant contractual commitments at December 31, 2017:

<u>Project</u>	<u>Remaining Contractual Commitment</u>	<u>Expected Date of Completion</u>
Anaerobic Digestion Design	\$9,500,000	2018
Downtown Renovations	3,305,224	2018
Riverbank Filtration	434,370	2018
Tamarack Transmission Line Design	342,240	2018
Various Street Improvements	522,634	2018
	<u>\$14,104,468</u>	

B. Encumbrance Commitments

At December 31, 2017 the City had encumbrance commitments in the Governmental Funds as follows:

<u>Fund</u>	<u>Encumbrances</u>
General Fund	\$1,269,737
Other Governmental Funds	1,743,363
Total Governmental Funds	<u>\$3,013,100</u>

NOTE 17 - CONTINGENCIES

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

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REQUIRED SUPPLEMENTAL INFORMATION

CITY OF NEWARK, OHIO***Schedule of City's Proportionate Share of the Net Pension Liability
Last Four Years*****Ohio Public Employees Retirement System**

Year	2014	2015	2016	2017
City's proportion of the net pension liability (asset)	0.076378%	0.076378%	0.074871%	0.073004%
City's proportionate share of the net pension liability (asset)	\$9,003,971	\$9,212,040	\$12,968,643	\$16,578,043
City's covered-employee payroll	\$9,499,900	\$9,381,292	\$9,344,933	\$9,126,483
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	94.78%	98.20%	138.78%	181.65%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%	77.25%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2014	2015	2016	2017
City's proportion of the net pension liability (asset)	0.478326%	0.478326%	0.467618%	0.467510%
City's proportionate share of the net pension liability (asset)	\$23,295,996	\$24,779,302	\$30,082,169	\$29,611,621
City's covered-employee payroll	\$9,550,114	\$9,387,938	\$9,451,954	\$9,644,293
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	243.93%	263.95%	318.26%	307.04%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%	68.36%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2014 is not available.

The schedule is reported as of the measurement date of the Net Pension Liability, which is the prior year end.

CITY OF NEWARK, OHIO

***Schedule of City Contributions
Last Five Years***

Ohio Public Employees Retirement System

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$1,234,987	\$1,125,755	\$1,121,392	\$1,095,178	\$1,196,988
Contributions in relation to the contractually required contribution	<u>1,234,987</u>	<u>1,125,755</u>	<u>1,121,392</u>	<u>1,095,178</u>	<u>1,196,988</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered-employee payroll	\$9,499,900	\$9,381,292	\$9,344,933	\$9,126,483	\$9,207,600
Contributions as a percentage of covered-employee payroll	13.00%	12.00%	12.00%	12.00%	13.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$1,736,855	\$2,002,523	\$2,012,953	\$2,058,255	\$2,041,586
Contributions in relation to the contractually required contribution	<u>1,736,855</u>	<u>2,002,523</u>	<u>2,012,953</u>	<u>2,058,255</u>	<u>2,041,586</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered-employee payroll	\$9,550,114	\$9,387,938	\$9,451,954	\$9,644,293	\$9,540,968
Contributions as a percentage of covered-employee payroll	18.19%	21.33%	21.30%	21.34%	21.40%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2013 is not available.

*C*OMBINING AND *I*NDIVIDUAL *F*UND
*S*TATEMENTS AND *S*CHEDULES

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Street Department Fund

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

Cemetery Fund

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

Community Development Fund

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

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.

Safety Grants Fund

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

Police/Fire Pension Fund

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

State Highway Fund

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

Law Enforcement Fund

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

Landfill Reclamation Fund

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

(Continued)

Special Revenue Funds

Court Computerization Fund

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

Permissive License Tax Fund

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

Probation Grant Fund

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

Federal Transit Administration (FTA) Fund

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

Ohio Department of Natural Resources (ODNR) Grants Fund

This fund accounted for grants used for bike path improvements as well as improvements to City parks. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

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.)

Judicial Fund

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

(Continued)

Debt Service Funds

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

Debt Service Fund

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

Tax Increment Financing Fund

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

Capital Projects Funds

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

Capital Improvement Fund

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

Court Capital Improvement Fund

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

CITY OF NEWARK, OHIO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Pooled Cash and Investments	\$ 4,599,323	\$ 1,251,101	\$ 1,674,976	\$ 7,525,400
Investments	210,000	0	211,466	421,466
Receivables:				
Taxes	430,091	1,512,203	0	1,942,294
Accounts	36,288	1,052	1,914	39,254
Intergovernmental	1,991,321	0	0	1,991,321
Interest	104	0	0	104
Loans	2,807,648	0	0	2,807,648
Inventory of Supplies, at Cost	493,257	0	0	493,257
Restricted Assets:				
Cash and Cash Equivalents	437,335	0	0	437,335
Cash and Cash Equivalents with Fiscal Agent	19,486	0	0	19,486
Investments	627,500	0	0	627,500
Investments with Fiscal Agent	535,196	0	0	535,196
Total Assets	\$ 12,187,549	\$ 2,764,356	\$ 1,888,356	\$ 16,840,261
Liabilities:				
Accounts Payable	\$ 78,228	\$ 0	\$ 137,867	\$ 216,095
Accrued Wages and Benefits Payable	93,254	0	0	93,254
Intergovernmental Payable	0	262,177	0	262,177
Due to Escrow Agent	0	111,265	0	111,265
Interfund Loans Payable	53,955	0	0	53,955
Accrued Interest Payable	0	0	9,450	9,450
General Obligation Notes Payable	0	0	1,120,000	1,120,000
Total Liabilities	225,437	373,442	1,267,317	1,866,196
Deferred Inflows of Resources:				
Unavailable Amounts	1,800,109	823,390	0	2,623,499
Property Tax Levy for Next Fiscal Year	410,443	688,813	0	1,099,256
Total Deferred Inflows of Resources	2,210,552	1,512,203	0	3,722,755
Fund Balance:				
Nonspendable	493,257	0	0	493,257
Restricted	9,258,303	1,118,394	621,039	10,997,736
Unassigned	0	(239,683)	0	(239,683)
Total Fund Balance	9,751,560	878,711	621,039	11,251,310
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 12,187,549	\$ 2,764,356	\$ 1,888,356	\$ 16,840,261

CITY OF NEWARK, OHIO

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 413,624	\$ 570,847	\$ 0	\$ 984,471
Intergovernmental Revenues	4,786,241	0	915,661	5,701,902
Charges for Services	6,965	0	0	6,965
Investment Earnings	90,570	0	870	91,440
Fines and Forfeitures	514,677	0	27,530	542,207
All Other Revenue	157,556	9,843	16,124	183,523
Total Revenues	5,969,633	580,690	960,185	7,510,508
Expenditures:				
Current:				
Security of Persons and Property	1,467,689	0	0	1,467,689
Public Health and Welfare Services	20,948	0	0	20,948
Community Environment	1,727,516	0	0	1,727,516
Transportation	2,803,362	0	0	2,803,362
General Government	226,525	537,239	0	763,764
Capital Outlay	0	0	2,712,621	2,712,621
Debt Service:				
Principal Retirement	30,000	2,291,987	0	2,321,987
Interest and Fiscal Charges	33,088	715,165	86,421	834,674
Total Expenditures	6,309,128	3,544,391	2,799,042	12,652,561
Excess (Deficiency) of Revenues Over (Under) Expenditures	(339,495)	(2,963,701)	(1,838,857)	(5,142,053)
Other Financing Sources (Uses):				
Other Financing Sources - Capital Lease	0	0	177,822	177,822
Bond Issuance	395,000	0	1,155,000	1,550,000
OPWC Loan Issuance	0	0	381,723	381,723
Refunding Bonds Issued	0	1,895,000	0	1,895,000
Premium on Bond Issuance	0	97,015	0	97,015
Payment to Refunded Bond Escrow Agent	0	(936,200)	0	(936,200)
Transfers In	72,444	1,627,344	860,486	2,560,274
Transfers Out	0	(48,205)	0	(48,205)
Total Other Financing Sources (Uses)	467,444	2,634,954	2,575,031	5,677,429
Net Change in Fund Balance	127,949	(328,747)	736,174	535,376
Fund Balance at Beginning of Year	9,518,679	1,207,458	(115,135)	10,611,002
Increase in Inventory	104,932	0	0	104,932
Fund Balance End of Year	\$ 9,751,560	\$ 878,711	\$ 621,039	\$ 11,251,310

CITY OF NEWARK, OHIO**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017**

	Street Department	Cemetery	Community Development	Veterans Memorial Sidewalk
Assets:				
Pooled Cash and Investments	\$ 641,409	\$ 134,039	\$ 237,961	\$ 73,324
Investments	0	0	210,000	0
Receivables:				
Taxes	0	0	0	0
Accounts	111	0	0	0
Intergovernmental	863,253	0	77,867	0
Interest	0	0	104	0
Loans	0	0	2,807,648	0
Inventory of Supplies, at Cost	493,257	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	32,205	0	0
Cash and Cash Equivalents with Fiscal Agent	0	15,103	0	0
Investments	0	627,500	0	0
Investments with Fiscal Agent	0	377,306	0	0
Total Assets	\$ 1,998,030	\$ 1,186,153	\$ 3,333,580	\$ 73,324
Liabilities:				
Accounts Payable	\$ 42,796	\$ 0	\$ 22,016	\$ 0
Accrued Wages and Benefits Payable	68,537	0	9,957	0
Interfund Loans Payable	0	0	0	0
Total Liabilities	111,333	0	31,973	0
Deferred Inflows of Resources:				
Unavailable Amounts	569,632	0	0	0
Property Tax Levy for Next Fiscal Year	0	0	0	0
Total Deferred Inflows of Resources	569,632	0	0	0
Fund Balance:				
Nonspendable	493,257	0	0	0
Restricted	823,808	1,186,153	3,301,607	73,324
Total Fund Balance	1,317,065	1,186,153	3,301,607	73,324
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,998,030	\$ 1,186,153	\$ 3,333,580	\$ 73,324

(Continued)

CITY OF NEWARK, OHIO**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017**

	Permissive License Tax	Probation Grant	Federal Transit Administration	Mary E. Barnes Trust
Assets:				
Pooled Cash and Investments	\$ 707,335	\$ 259,009	\$ 2,013	\$ 0
Investments	0	0	0	0
Receivables:				
Taxes	0	0	0	0
Accounts	0	0	0	0
Intergovernmental	309,770	555,842	0	0
Interest	0	0	0	0
Loans	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	405,130	0	0	0
Cash and Cash Equivalents with Fiscal Agent	0	0	0	4,383
Investments	0	0	0	0
Investments with Fiscal Agent	0	0	0	157,890
Total Assets	\$ 1,422,235	\$ 814,851	\$ 2,013	\$ 162,273
Liabilities:				
Accounts Payable	\$ 2,400	\$ 4,980	\$ 522	\$ 0
Accrued Wages and Benefits Payable	0	11,935	0	0
Interfund Loans Payable	0	0	0	0
Total Liabilities	2,400	16,915	522	0
Deferred Inflows of Resources:				
Unavailable Amounts	611,643	508,851	0	0
Property Tax Levy for Next Fiscal Year	0	0	0	0
Total Deferred Inflows of Resources	611,643	508,851	0	0
Fund Balance:				
Nonspendable	0	0	0	0
Restricted	808,192	289,085	1,491	162,273
Total Fund Balance	808,192	289,085	1,491	162,273
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,422,235	\$ 814,851	\$ 2,013	\$ 162,273

CITY OF NEWARK, OHIO

Judicial	Total Nonmajor Special Revenue Funds
\$ 1,691,396	\$ 4,599,323
0	210,000
0	430,091
13,333	36,288
0	1,991,321
0	104
0	2,807,648
0	493,257
0	437,335
0	19,486
0	627,500
0	535,196
<u>\$ 1,704,729</u>	<u>\$ 12,187,549</u>
\$ 1,341	\$ 78,228
0	93,254
0	53,955
<u>1,341</u>	<u>225,437</u>
0	1,800,109
0	410,443
0	2,210,552
0	493,257
<u>1,703,388</u>	<u>9,258,303</u>
<u>1,703,388</u>	<u>9,751,560</u>
<u>\$ 1,704,729</u>	<u>\$ 12,187,549</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, 2017**

	Street Department	Cemetery	Community Development	Veterans Memorial Sidewalk
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	1,806,392	0	999,201	0
Charges for Services	0	5,017	0	0
Investment Earnings	0	64,991	2,720	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	65,544	0	2,125	2,350
Total Revenues	1,871,936	70,008	1,004,046	2,350
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	0	20,948	0	0
Community Environment	0	0	1,726,516	0
Transportation	1,720,374	0	0	0
General Government	0	0	0	848
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	1,720,374	20,948	1,726,516	848
Excess (Deficiency) of Revenues Over (Under) Expenditures	151,562	49,060	(722,470)	1,502
Other Financing Sources (Uses):				
Bond Issuance	0	0	0	0
Transfers In	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	151,562	49,060	(722,470)	1,502
Fund Balance at Beginning of Year	1,060,571	1,137,093	4,024,077	71,822
Increase in Inventory	104,932	0	0	0
Fund Balance End of Year	\$ 1,317,065	\$ 1,186,153	\$ 3,301,607	\$ 73,324

CITY OF NEWARK, OHIO

Safety Grants	Police/Fire Pension	State Highway	Law Enforcement	Landfill Reclamation	Court Computerization
\$ 0	\$ 413,624	\$ 0	\$ 0	\$ 0	\$ 0
465,314	54,800	146,464	36,518	0	0
0	0	0	0	1,948	0
0	0	0	0	0	0
0	0	0	85,447	0	237,700
17	0	0	0	0	653
465,331	468,424	146,464	121,965	1,948	238,353
511,515	468,424	0	55,314	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	150,408	0	0	0
0	0	0	0	6,956	164,311
0	0	0	0	0	0
0	0	0	0	33,088	0
511,515	468,424	150,408	55,314	40,044	164,311
(46,184)	0	(3,944)	66,651	(38,096)	74,042
0	0	0	0	395,000	0
61,714	0	0	0	10,730	0
61,714	0	0	0	405,730	0
15,530	0	(3,944)	66,651	367,634	74,042
1,375	0	27,037	230,961	(350,114)	479,810
0	0	0	0	0	0
\$ 16,905	\$ 0	\$ 23,093	\$ 297,612	\$ 17,520	\$ 553,852

(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, 2017

	Permissive License Tax	Probation Grant	Federal Transit Administration	ODNR Grants
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	667,528	609,024	0	1,000
Charges for Services	0	0	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	84,166	2,701	0	0
Total Revenues	<u>751,694</u>	<u>611,725</u>	<u>0</u>	<u>1,000</u>
Expenditures:				
Current:				
Security of Persons and Property	0	425,699	0	0
Public Health and Welfare Services	0	0	0	0
Community Environment	0	0	0	1,000
Transportation	895,670	0	36,910	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	30,000	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	<u>925,670</u>	<u>425,699</u>	<u>36,910</u>	<u>1,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(173,976)	186,026	(36,910)	0
Other Financing Sources (Uses):				
Bond Issuance	0	0	0	0
Transfers In	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(173,976)	186,026	(36,910)	0
Fund Balance at Beginning of Year	982,168	103,059	38,401	0
Increase in Inventory	0	0	0	0
Fund Balance End of Year	<u>\$ 808,192</u>	<u>\$ 289,085</u>	<u>\$ 1,491</u>	<u>\$ 0</u>

CITY OF NEWARK, OHIO

Mary E. Barnes Trust	Judicial	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 413,624
0	0	4,786,241
0	0	6,965
22,859	0	90,570
0	191,530	514,677
0	0	157,556
<u>22,859</u>	<u>191,530</u>	<u>5,969,633</u>
6,737	0	1,467,689
0	0	20,948
0	0	1,727,516
0	0	2,803,362
0	54,410	226,525
0	0	30,000
<u>0</u>	<u>0</u>	<u>33,088</u>
<u>6,737</u>	<u>54,410</u>	<u>6,309,128</u>
16,122	137,120	(339,495)
0	0	395,000
<u>0</u>	<u>0</u>	<u>72,444</u>
<u>0</u>	<u>0</u>	<u>467,444</u>
16,122	137,120	127,949
146,151	1,566,268	9,518,679
<u>0</u>	<u>0</u>	<u>104,932</u>
<u>\$ 162,273</u>	<u>\$ 1,703,388</u>	<u>\$ 9,751,560</u>

CITY OF NEWARK, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2017**

	Debt Service	Tax Increment Financing	Total Nonmajor Debt Service Funds
Assets:			
Pooled Cash and Investments	\$ 1,228,607	\$ 22,494	\$ 1,251,101
Receivables:			
Taxes	0	1,512,203	1,512,203
Accounts	1,052	0	1,052
Total Assets	<u>\$ 1,229,659</u>	<u>\$ 1,534,697</u>	<u>\$ 2,764,356</u>
Liabilities:			
Intergovernmental Payable	\$ 0	\$ 262,177	\$ 262,177
Due to Escrow Agent	111,265	0	111,265
Total Liabilities	<u>111,265</u>	<u>262,177</u>	<u>373,442</u>
Deferred Inflows of Resources:			
Unavailable Amounts	0	823,390	823,390
Property Tax Levy for Next Fiscal Year	0	688,813	688,813
Total Deferred Inflows of Resources	<u>0</u>	<u>1,512,203</u>	<u>1,512,203</u>
Fund Balance:			
Restricted	1,118,394	0	1,118,394
Unassigned	0	(239,683)	(239,683)
Total Fund Balance	<u>1,118,394</u>	<u>(239,683)</u>	<u>878,711</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,229,659</u>	<u>\$ 1,534,697</u>	<u>\$ 2,764,356</u>

CITY OF NEWARK, OHIO**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended December 31, 2017**

	Debt Service	Tax Increment Financing	Total Nonmajor Debt Service Funds
Revenues:			
Taxes	\$ 0	\$ 570,847	\$ 570,847
All Other Revenue	9,843	0	9,843
Total Revenues	<u>9,843</u>	<u>570,847</u>	<u>580,690</u>
Expenditures:			
Current:			
General Government	0	537,239	537,239
Debt Service:			
Principal Retirement	1,795,175	496,812	2,291,987
Interest and Fiscal Charges	618,311	96,854	715,165
Total Expenditures	<u>2,413,486</u>	<u>1,130,905</u>	<u>3,544,391</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,403,643)	(560,058)	(2,963,701)
Other Financing Sources (Uses):			
Refunding Bonds Issued	1,895,000	0	1,895,000
Premium on Bond Issuance	97,015	0	97,015
Payment to Refunded Bond Escrow Agent	(936,200)	0	(936,200)
Transfers In	1,306,969	320,375	1,627,344
Transfers Out	(48,205)	0	(48,205)
Total Other Financing Sources (Uses)	<u>2,314,579</u>	<u>320,375</u>	<u>2,634,954</u>
Net Change in Fund Balance	(89,064)	(239,683)	(328,747)
Fund Balance at Beginning of Year	<u>1,207,458</u>	<u>0</u>	<u>1,207,458</u>
Fund Balance End of Year	<u>\$ 1,118,394</u>	<u>\$ (239,683)</u>	<u>\$ 878,711</u>

CITY OF NEWARK, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2017**

	Capital Improvement	Court Capital Improvement	Total Nonmajor Capital Projects Funds
Assets:			
Pooled Cash and Investments	\$ 1,254,099	\$ 420,877	\$ 1,674,976
Investments	211,466	0	211,466
Receivables:			
Accounts	0	1,914	1,914
Total Assets	<u>\$ 1,465,565</u>	<u>\$ 422,791</u>	<u>\$ 1,888,356</u>
Liabilities:			
Accounts Payable	\$ 137,867	\$ 0	\$ 137,867
Accrued Interest Payable	9,450	0	9,450
General Obligation Notes Payable	1,120,000	0	1,120,000
Total Liabilities	<u>1,267,317</u>	<u>0</u>	<u>1,267,317</u>
Fund Balance:			
Restricted	198,248	422,791	621,039
Total Fund Balance	<u>198,248</u>	<u>422,791</u>	<u>621,039</u>
Total Liabilities and Fund Balance	<u>\$ 1,465,565</u>	<u>\$ 422,791</u>	<u>\$ 1,888,356</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, 2017**

	Capital Improvement	Court Capital Improvement	Total Nonmajor Capital Project Funds
Revenues:			
Intergovernmental Revenues	\$ 915,661	\$ 0	\$ 915,661
Investment Earnings	870	0	870
Fines and Forfeitures	0	27,530	27,530
All Other Revenue	16,124	0	16,124
Total Revenues	932,655	27,530	960,185
Expenditures:			
Capital Outlay	2,712,621	0	2,712,621
Debt Service:			
Interest and Fiscal Charges	86,421	0	86,421
Total Expenditures	2,799,042	0	2,799,042
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,866,387)	27,530	(1,838,857)
Other Financing Sources (Uses):			
Other Financing Sources - Capital Lease	177,822	0	177,822
Bond Issuance	1,155,000	0	1,155,000
OPWC Loan Issuance	381,723	0	381,723
Transfers In	860,486	0	860,486
Total Other Financing Sources (Uses)	2,575,031	0	2,575,031
Net Change in Fund Balance	708,644	27,530	736,174
Fund Balance at Beginning of Year	(510,396)	395,261	(115,135)
Fund Balance End of Year	\$ 198,248	\$ 422,791	\$ 621,039

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, 2017***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 23,146,542	\$ 23,146,542	\$ 24,944,933	\$ 1,798,391
Intergovernmental Revenues	1,755,545	1,772,128	1,743,856	(28,272)
Charges for Services	2,006,550	1,987,800	2,140,590	152,790
Licenses, Permits and Fees	51,765	51,765	91,611	39,846
Investment Earnings	100,062	100,062	79,500	(20,562)
Fines and Forfeitures	1,431,600	1,431,600	1,673,507	241,907
All Other Revenue	131,606	162,858	451,917	289,059
Total Revenues	28,623,670	28,652,755	31,125,914	2,473,159
Expenditures:				
Security of Persons and Property:				
Impound Lot:				
Personal Services	19,597	27,752	26,114	1,638
Materials and Supplies	897	500	450	50
Contractual Services	43,900	60,094	59,674	420
Capital Outlay	1,209	0	0	0
Total Impound Lot	65,603	88,346	86,238	2,108
Police:				
Personal Services	7,586,524	7,539,680	7,381,691	157,989
Materials and Supplies	268,850	246,680	243,443	3,237
Contractual Services	624,103	733,144	648,071	85,073
Other Expenditures	525	18,025	17,500	525
Capital Outlay	54,939	66,206	66,206	0
Total Police	8,534,941	8,603,735	8,356,911	246,824
Fire:				
Personal Services	7,662,649	7,659,940	7,455,546	204,394
Materials and Supplies	411,746	332,148	321,572	10,576
Contractual Services	610,721	604,677	580,402	24,275
Other Expenditures	1,000	1,249	249	1,000
Capital Outlay	139,152	257,577	257,534	43
Total Fire	8,825,268	8,855,591	8,615,303	240,288
Total Security of Persons and Property	17,425,812	17,547,672	17,058,452	489,220

(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, 2017***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Leisure Time Activities:				
Parks and Cemetery:				
Personal Services	382,918	410,669	407,262	3,407
Materials and Supplies	75,314	65,391	65,381	10
Contractual Services	171,717	175,636	174,794	842
Other Expenditures	300	2,250	2,250	0
Total Parks and Cemetery	630,249	653,946	649,687	4,259
Hollander Pool:				
Materials and Supplies	6,000	2,500	2,500	0
Contractual Services	48,763	49,256	46,808	2,448
Total Hollander Pool	54,763	51,756	49,308	2,448
Babe Ruth Baseball:				
Materials and Supplies	5,500	1,144	1,144	0
Contractual Services	22,587	27,483	27,483	0
Capital Outlay	90	0	0	0
Total Babe Ruth Baseball	28,177	28,627	28,627	0
Total Leisure Time Activities	713,189	734,329	727,622	6,707
Community Environment:				
CDBG:				
Capital Outlay	440	0	0	0
Total CDBG	440	0	0	0
Code Administration:				
Personal Services	244,718	250,313	248,255	2,058
Materials and Supplies	4,224	4,529	3,048	1,481
Contractual Services	124,646	122,179	87,703	34,476
Other Expenditures	230	458	458	0
Capital Outlay	3,509	2,263	1,509	754
Total Code Administration	377,327	379,742	340,973	38,769
Total Community Environment	377,767	379,742	340,973	38,769

(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, 2017***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Transportation:				
Street/Traffic:				
Personal Services	27,500	27,500	25,768	1,732
Total Transportation	27,500	27,500	25,768	1,732
General Government:				
City Council:				
Personal Services	102,244	102,670	101,827	843
Total City Council	102,244	102,670	101,827	843
Clerk of Council:				
Personal Services	65,344	67,198	65,721	1,477
Materials and Supplies	200	400	313	87
Contractual Services	16,500	15,749	12,846	2,903
Total Clerk of Council	82,044	83,347	78,880	4,467
Mayor:				
Personal Services	178,652	180,946	180,678	268
Materials and Supplies	1,068	708	708	0
Contractual Services	11,885	10,812	10,277	535
Capital Outlay	1,600	1,590	1,590	0
Total Mayor	193,205	194,056	193,253	803
Auditor:				
Personal Services	427,601	430,842	427,866	2,976
Materials and Supplies	3,101	3,172	3,172	0
Contractual Services	149,217	149,373	137,962	11,411
Other Expenditures	201,946	201,991	201,990	1
Capital Outlay	500	0	0	0
Total Auditor	782,365	785,378	770,990	14,388
Law Director:				
Personal Services	979,915	976,261	968,623	7,638
Materials and Supplies	8,448	6,297	5,597	700
Contractual Services	25,103	22,374	20,587	1,787
Capital Outlay	21	0	0	0
Total Law Director	1,013,487	1,004,932	994,807	10,125

(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, 2017***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Clerk of Courts:				
Personal Services	1,220,466	1,253,121	1,243,435	9,686
Materials and Supplies	24,000	23,500	20,866	2,634
Contractual Services	99,014	104,537	100,883	3,654
Other Expenditures	2,000	2,000	10	1,990
Total Clerk of Courts	1,345,480	1,383,158	1,365,194	17,964
Civil Service:				
Personal Services	629	513	513	0
Materials and Supplies	764	600	600	0
Contractual Services	78,191	64,158	62,889	1,269
Total Civil Service	79,584	65,271	64,002	1,269
Workers Compensation:				
Personal Services	93,175	75,300	0	75,300
Total Workers Compensation	93,175	75,300	0	75,300
Judiciary:				
Personal Services	727,650	758,874	749,946	8,928
Materials and Supplies	8,098	13,216	13,216	0
Contractual Services	96,730	87,836	87,829	7
Total Judiciary	832,478	859,926	850,991	8,935
Personnel:				
Personal Services	195,466	195,169	190,621	4,548
Materials and Supplies	1,071	900	900	0
Contractual Services	113,739	96,842	96,798	44
Other Expenditures	1,500	1,629	1,629	0
Total Personnel	311,776	294,540	289,948	4,592
Adult Probation:				
Personal Services	520,843	527,438	521,985	5,453
Materials and Supplies	17,448	16,968	16,714	254
Contractual Services	44,193	40,552	36,602	3,950
Total Adult Probation	582,484	584,958	575,301	9,657

(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, 2017***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Service Department:				
Personal Services	233,203	236,327	234,388	1,939
Materials and Supplies	6,352	7,817	7,817	0
Contractual Services	2,338,889	2,351,365	2,347,386	3,979
Other Expenditures	0	3,376	3,376	0
Capital Outlay	147,271	128,325	128,282	43
Total Service Department	2,725,715	2,727,210	2,721,249	5,961
Engineer:				
Personal Services	518,585	514,577	503,594	10,983
Materials and Supplies	5,770	5,761	4,809	952
Contractual Services	74,179	72,931	70,822	2,109
Capital Outlay	3,742	3,500	2,144	1,356
Total Engineer	602,276	596,769	581,369	15,400
Custodial:				
Personal Services	177,567	162,251	159,050	3,201
Materials and Supplies	12,517	13,122	12,532	590
Contractual Services	94,871	110,738	110,384	354
Total Custodial	284,955	286,111	281,966	4,145
Income Tax:				
Personal Services	872,738	823,944	808,998	14,946
Materials and Supplies	13,697	12,000	11,887	113
Contractual Services	138,444	126,721	87,735	38,986
Other Expenditures	450,000	451,340	437,835	13,505
Capital Outlay	3,268	3,000	2,910	90
Total Income Tax	1,478,147	1,417,005	1,349,365	67,640

(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, 2017***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Safety Director:				
Personal Services	165,247	164,711	163,287	1,424
Materials and Supplies	818	613	432	181
Contractual Services	838,125	749,892	735,785	14,107
Other Expenditures	9,741	6,500	6,000	500
Capital Outlay	4,620	3,847	3,847	0
Total Safety Director	1,018,551	925,563	909,351	16,212
Total General Government	11,527,966	11,386,194	11,128,493	257,701
Total Expenditures	30,072,234	30,075,437	29,281,308	794,129
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,448,564)	(1,422,682)	1,844,606	3,267,288
Other Financing Sources (Uses):				
Sale of Capital Assets	35,000	35,000	54,650	19,650
Note Issuance	0	91,000	91,000	0
Transfers In	1,034,537	1,034,537	1,046,325	11,788
Transfers Out	(2,995,167)	(2,995,168)	(2,970,854)	24,314
Advances In	0	79,503	79,503	0
Advances Out	0	(53,955)	(53,955)	0
Total Other Financing Sources (Uses)	(1,925,630)	(1,809,083)	(1,753,331)	55,752
Net Change in Fund Balance	(3,374,194)	(3,231,765)	91,275	3,323,040
Fund Balance at Beginning of Year	3,032,671	3,032,671	3,032,671	0
Prior Year Encumbrances	1,090,830	1,090,830	1,090,830	0
Fund Balance at End of Year	\$ 749,307	\$ 891,736	\$ 4,214,776	\$ 3,323,040

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, 2017***

STREET DEPARTMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 1,750,000	\$ 1,809,253	\$ 59,253
All Other Revenue	15,500	56,628	41,128
Total Revenues	1,765,500	1,865,881	100,381
Expenditures:			
Transportation:			
Personal Services	1,829,647	1,703,651	125,996
Materials and Supplies	523,700	512,857	10,843
Contractual Services	303,354	290,941	12,413
Other Expenditures	1,900	500	1,400
Capital Outlay	20,500	18,000	2,500
Total Expenditures	2,679,101	2,525,949	153,152
Excess (Deficiency) of Revenues Over (Under) Expenditures	(913,601)	(660,068)	253,533
Other Financing Sources (Uses):			
Transfers In	543,000	623,797	80,797
Total Other Financing Sources (Uses)	543,000	623,797	80,797
Net Change in Fund Balance	(370,601)	(36,271)	334,330
Fund Balance at Beginning of Year	335,324	335,324	0
Prior Year Encumbrances	141,893	141,893	0
Fund Balance at End of Year	\$ 106,616	\$ 440,946	\$ 334,330

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, 2017***

CEMETERY FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 3,500	\$ 5,017	\$ 1,517
Investment Earnings	490	0	(490)
Total Revenues	3,990	5,017	1,027
Expenditures:			
Public Health and Welfare Services:			
Materials and Supplies	8,000	7,000	1,000
Contractual Services	4,000	4,000	0
Total Expenditures	12,000	11,000	1,000
Net Change in Fund Balance	(8,010)	(5,983)	2,027
Fund Balance at Beginning of Year	790,047	790,047	0
Prior Year Encumbrances	2,260	2,260	0
Fund Balance at End of Year	<u>\$ 784,297</u>	<u>\$ 786,324</u>	<u>\$ 2,027</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, 2017***

COMMUNITY DEVELOPMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 1,283,640	\$ 977,510	\$ (306,130)
Investment Earnings	1,700	2,723	1,023
All Other Revenue	107,000	213,980	106,980
Total Revenues	1,392,340	1,194,213	(198,127)
Expenditures:			
Community Environment:			
Personal Services	441,213	302,077	139,136
Materials and Supplies	1,500	791	709
Contractual Services	1,210,321	1,061,344	148,977
Total Expenditures	1,653,034	1,364,212	288,822
Net Change in Fund Balance	(260,694)	(169,999)	90,695
Fund Balance at Beginning of Year	306,842	306,842	0
Prior Year Encumbrances	210,473	210,473	0
Fund Balance at End of Year	\$ 256,621	\$ 347,316	\$ 90,695

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, 2017***

VETERANS MEMORIAL SIDEWALK FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 10	\$ 0	\$ (10)
All Other Revenue	1,500	2,350	850
Total Revenues	1,510	2,350	840
Expenditures:			
General Government:			
Contractual Services	5,800	848	4,952
Total Expenditures	5,800	848	4,952
Net Change in Fund Balance	(4,290)	1,502	5,792
Fund Balance at Beginning of Year	71,822	71,822	0
Fund Balance at End of Year	\$ 67,532	\$ 73,324	\$ 5,792

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, 2017***

SAFETY GRANTS FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 588,190	\$ 478,848	\$ (109,342)
All Other Revenue	0	17	17
Total Revenues	588,190	478,865	(109,325)
Expenditures:			
Security of Persons and Property:			
Personal Services	546,564	474,191	72,373
Materials and Supplies	20,770	20,770	0
Contractual Services	18,011	17,670	341
Capital Outlay	3,499	3,499	0
Total Expenditures	588,844	516,130	72,714
Excess (Deficiency) of Revenues Over (Under) Expenditures	(654)	(37,265)	(36,611)
Other Financing Sources (Uses):			
Transfers In	86,821	61,714	(25,107)
Advances In	53,955	53,955	0
Advances Out	(79,503)	(79,503)	0
Total Other Financing Sources (Uses)	61,273	36,166	(25,107)
Net Change in Fund Balance	60,619	(1,099)	(61,718)
Fund Balance at Beginning of Year	(2,613)	(2,613)	0
Prior Year Encumbrances	2,613	2,613	0
Fund Balance at End of Year	\$ 60,619	\$ (1,099)	\$ (61,718)

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, 2017***

POLICE/FIRE PENSION FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 406,680	\$ 413,624	\$ 6,944
Intergovernmental Revenues	66,296	54,800	(11,496)
Total Revenues	472,976	468,424	(4,552)
Expenditures:			
Security of Persons and Property:			
Personal Services	464,726	461,366	3,360
Contractual Services	8,250	7,058	1,192
Total Expenditures	472,976	468,424	4,552
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0

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, 2017***

	STATE HIGHWAY FUND		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 150,450	\$ 146,696	\$ (3,754)
Total Revenues	150,450	146,696	(3,754)
Expenditures:			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	150,450	146,696	(3,754)
Other Financing Sources (Uses):			
Transfers Out	(150,450)	(150,408)	42
Total Other Financing Sources (Uses)	(150,450)	(150,408)	42
Net Change in Fund Balance	0	(3,712)	(3,712)
Fund Balance at Beginning of Year	3,712	3,712	0
Fund Balance at End of Year	\$ 3,712	\$ 0	\$ (3,712)

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, 2017***

LAW ENFORCEMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 4,000	\$ 36,323	\$ 32,323
Fines and Forfeitures	80,500	84,462	3,962
Total Revenues	84,500	120,785	36,285
Expenditures:			
Security of Persons and Property:			
Contractual Services	153,744	69,245	84,499
Total Expenditures	153,744	69,245	84,499
Net Change in Fund Balance	(69,244)	51,540	120,784
Fund Balance at Beginning of Year	218,097	218,097	0
Prior Year Encumbrances	13,228	13,228	0
Fund Balance at End of Year	\$ 162,081	\$ 282,865	\$ 120,784

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, 2017***

LANDFILL RECLAMATION FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 0	\$ 1,948	\$ 1,948
Total Revenues	0	1,948	1,948
Expenditures:			
General Government:			
Capital Outlay	19,752	19,752	0
Debt Service:			
Principal Retirement	740,000	740,000	0
Total Expenditures	759,752	759,752	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(759,752)	(757,804)	1,948
Other Financing Sources (Uses):			
Note Issuance	370,000	367,449	(2,551)
Bond Issuance	370,000	370,000	0
Total Other Financing Sources (Uses)	740,000	737,449	(2,551)
Net Change in Fund Balance	(19,752)	(20,355)	(603)
Fund Balance at Beginning of Year	5,327	5,327	0
Prior Year Encumbrances	19,752	19,752	0
Fund Balance at End of Year	\$ 5,327	\$ 4,724	\$ (603)

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, 2017***

COURT COMPUTERIZATION FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 208,000	\$ 235,797	\$ 27,797
All Other Revenue	0	653	653
Total Revenues	208,000	236,450	28,450
Expenditures:			
General Government:			
Personal Services	149,120	107,951	41,169
Materials and Supplies	9,169	6,995	2,174
Contractual Services	151,452	51,520	99,932
Capital Outlay	48,831	8,000	40,831
Total Expenditures	358,572	174,466	184,106
Net Change in Fund Balance	(150,572)	61,984	212,556
Fund Balance at Beginning of Year	461,079	461,079	0
Prior Year Encumbrances	8,995	8,995	0
Fund Balance at End of Year	\$ 319,502	\$ 532,058	\$ 212,556

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, 2017***

PERMISSIVE LICENSE TAX FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 800,000	\$ 666,961	\$ (133,039)
All Other Revenue	0	84,166	84,166
Total Revenues	800,000	751,127	(48,873)
Expenditures:			
Transportation:			
Contractual Services	1,392,045	1,392,045	0
Debt Service:			
Principal Retirement	70,000	30,000	40,000
Total Expenditures	1,462,045	1,422,045	40,000
Net Change in Fund Balance	(662,045)	(670,918)	(8,873)
Fund Balance at Beginning of Year	209,180	209,180	0
Prior Year Encumbrances	698,789	698,789	0
Fund Balance at End of Year	\$ 245,924	\$ 237,051	\$ (8,873)

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, 2017***

PROBATION GRANT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 539,986	\$ 609,024	\$ 69,038
All Other Revenue	2,701	2,701	0
Total Revenues	542,687	611,725	69,038
Expenditures:			
Security of Persons and Property:			
Personal Services	355,486	312,708	42,778
Materials and Supplies	142,688	80,706	61,982
Contractual Services	87,365	38,791	48,574
Capital Outlay	17,680	16,804	876
Total Expenditures	603,219	449,009	154,210
Net Change in Fund Balance	(60,532)	162,716	223,248
Fund Balance at Beginning of Year	43,148	43,148	0
Prior Year Encumbrances	31,369	31,369	0
Fund Balance at End of Year	\$ 13,985	\$ 237,233	\$ 223,248

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, 2017***

FEDERAL TRANSIT ADMINISTRATION FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Transportation:			
Materials and Supplies	408	408	0
Contractual Services	37,993	37,993	0
Total Expenditures	38,401	38,401	0
Net Change in Fund Balance	(38,401)	(38,401)	0
Fund Balance at Beginning of Year	38,401	38,401	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0

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, 2017***

ODNR GRANTS FUND			Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Intergovernmental Revenues	\$ 1,000	\$ 1,000	\$ 0
Total Revenues	1,000	1,000	0
Expenditures:			
Community Environment:			
Materials and Supplies	1,000	1,000	0
Total Expenditures	1,000	1,000	0
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0

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, 2017***

JUDICIAL FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 171,000	\$ 190,042	\$ 19,042
Total Revenues	<u>171,000</u>	<u>190,042</u>	<u>19,042</u>
Expenditures:			
General Government:			
Personal Services	42,147	21,047	21,100
Materials and Supplies	5,122	3,622	1,500
Contractual Services	93,542	11,208	82,334
Capital Outlay	<u>25,001</u>	<u>25,001</u>	<u>0</u>
Total Expenditures	<u>165,812</u>	<u>60,878</u>	<u>104,934</u>
Net Change in Fund Balance	5,188	129,164	123,976
Fund Balance at Beginning of Year	1,548,662	1,548,662	0
Prior Year Encumbrances	<u>6,425</u>	<u>6,425</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,560,275</u>	<u>\$ 1,684,251</u>	<u>\$ 123,976</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2017***

DEBT SERVICE FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
All Other Revenue	\$ 0	\$ 15,266	\$ 15,266
Total Revenues	0	15,266	15,266
Expenditures:			
Debt Service:			
Principal Retirement	3,015,000	2,905,000	110,000
Interest and Fiscal Charges	631,688	609,611	22,077
Total Expenditures	3,646,688	3,514,611	132,077
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,646,688)	(3,499,345)	147,343
Other Financing Sources (Uses):			
Note Issuance	1,120,000	1,120,000	0
Transfers In	1,308,000	1,306,969	(1,031)
Bond Issuance	1,100,000	1,100,000	0
Total Other Financing Sources (Uses)	3,528,000	3,526,969	(1,031)
Net Change in Fund Balance	(118,688)	27,624	146,312
Fund Balance at Beginning of Year	1,200,983	1,200,983	0
Fund Balance at End of Year	\$ 1,082,295	\$ 1,228,607	\$ 146,312

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2017***

TAX INCREMENT FINANCING FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 596,624	\$ 570,847	\$ (25,777)
Total Revenues	<u>596,624</u>	<u>570,847</u>	<u>(25,777)</u>
Expenditures:			
General Government:			
Contractual Services	8,725	7,461	1,264
Other Expenditures	294,305	267,601	26,704
Debt Service:			
Principal Retirement	496,812	496,812	0
Interest and Fiscal Charges	<u>96,854</u>	<u>96,854</u>	<u>0</u>
Total Expenditures	<u>896,696</u>	<u>868,728</u>	<u>27,968</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(300,072)	(297,881)	2,191
Other Financing Sources (Uses):			
Transfers In	<u>320,375</u>	<u>320,375</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>320,375</u>	<u>320,375</u>	<u>0</u>
Net Change in Fund Balance	20,303	22,494	2,191
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 20,303</u>	<u>\$ 22,494</u>	<u>\$ 2,191</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, 2017***

CAPITAL IMPROVEMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 1,159,333	\$ 915,661	\$ (243,672)
Investment Earnings	6,870	870	(6,000)
All Other Revenue	16,124	16,124	0
Total Revenues	1,182,327	932,655	(249,672)
Expenditures:			
Capital Outlay	3,615,265	3,296,273	318,992
Total Expenditures	3,615,265	3,296,273	318,992
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,432,938)	(2,363,618)	69,320
Other Financing Sources (Uses):			
Other Financing Sources - Capital Lease	146,054	0	(146,054)
OPWC Loan Issuance	381,723	381,723	0
Transfers In	823,011	823,011	0
Total Other Financing Sources (Uses)	1,350,788	1,204,734	(146,054)
Net Change in Fund Balance	(1,082,150)	(1,158,884)	(76,734)
Fund Balance at Beginning of Year	700,611	700,611	0
Prior Year Encumbrances	1,024,514	1,024,514	0
Fund Balance at End of Year	\$ 642,975	\$ 566,241	\$ (76,734)

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, 2017***

COURT CAPITAL IMPROVEMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 24,500	\$ 27,309	\$ 2,809
Total Revenues	24,500	27,309	2,809
Expenditures:			
Capital Outlay	70,000	0	70,000
Total Expenditures	70,000	0	70,000
Net Change in Fund Balance	(45,500)	27,309	72,809
Fund Balance at Beginning of Year	392,816	392,816	0
Prior Year Encumbrances	752	752	0
Fund Balance at End of Year	\$ 348,068	\$ 420,877	\$ 72,809

Fiduciary Funds

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

Agency Funds

Municipal Court Fund

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

Fire Code Fund

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

Law Library Fund

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

Joint Economic Development Zone Fund

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

CITY OF NEWARK, OHIO**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2017**

	Balance December 31, 2016	Additions	Deductions	Balance December 31, 2017
<u>Municipal Court Fund</u>				
Assets:				
Restricted Assets:				
Cash and Cash Equivalents	\$378,444	\$4,993,443	(\$4,969,187)	\$402,700
Total Assets	\$378,444	\$4,993,443	(\$4,969,187)	\$402,700
Liabilities:				
Intergovernmental Payable	\$204,508	\$2,992,670	(\$2,961,535)	\$235,643
Due to Others	173,936	2,000,773	(2,007,652)	167,057
Total Liabilities	\$378,444	\$4,993,443	(\$4,969,187)	\$402,700
<u>Fire Code Fund</u>				
Assets:				
Restricted Assets:				
Cash and Cash Equivalents	\$97,309	\$104,496	(\$145,902)	\$55,903
Total Assets	\$97,309	\$104,496	(\$145,902)	\$55,903
Liabilities:				
Due to Others	\$97,309	\$104,496	(\$145,902)	\$55,903
Total Liabilities	\$97,309	\$104,496	(\$145,902)	\$55,903
<u>Law Library Fund</u>				
Assets:				
Restricted Assets:				
Cash and Cash Equivalents	\$0	\$72,352	(\$72,352)	\$0
Total Assets	\$0	\$72,352	(\$72,352)	\$0
Liabilities:				
Due to Others	\$0	\$72,352	(\$72,352)	\$0
Total Liabilities	\$0	\$72,352	(\$72,352)	\$0
<u>Joint Economic Development Zone Fund</u>				
Assets:				
Receivables:				
Taxes	\$2,106	\$14,150	(\$2,106)	\$14,150
Restricted Assets:				
Cash and Cash Equivalents	674,803	3,214,245	(2,340,530)	1,548,518
Total Assets	\$676,909	\$3,228,395	(\$2,342,636)	\$1,562,668
Liabilities:				
Intergovernmental Payable	\$676,909	\$3,228,395	(\$2,342,636)	\$1,562,668
Total Liabilities	\$676,909	\$3,228,395	(\$2,342,636)	\$1,562,668

(Continued)

CITY OF NEWARK, OHIO

	Balance December 31, 2016	Additions	Deductions	Balance December 31, 2017
<u>Totals - All Agency Funds</u>				
Assets:				
Receivables:				
Taxes	\$2,106	\$14,150	(\$2,106)	\$14,150
Restricted Assets:				
Cash and Cash Equivalents	1,150,556	8,384,536	(7,527,971)	2,007,121
Total Assets	<u>\$1,152,662</u>	<u>\$8,398,686</u>	<u>(\$7,530,077)</u>	<u>\$2,021,271</u>
Liabilities:				
Intergovernmental Payable	\$881,417	\$6,221,065	(\$5,304,171)	\$1,798,311
Due to Others	271,245	2,177,621	(2,225,906)	222,960
Total Liabilities	<u>\$1,152,662</u>	<u>\$8,398,686</u>	<u>(\$7,530,077)</u>	<u>\$2,021,271</u>



STATISTICAL SECTION



S* *STATISTICAL* *T* *ABLES

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

Contents

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

City of Newark

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

	2008	2009	2010	2011
Governmental Activities:				
Net Investment in Capital Assets	\$40,441,667	\$41,316,426	\$40,274,220	\$42,258,279
Restricted	11,110,542	10,280,743	11,967,071	14,149,111
Unrestricted	6,404,496	5,535,025	1,469,212	2,265,579
Total Governmental Activities Net Position	<u>\$57,956,705</u>	<u>\$57,132,194</u>	<u>\$53,710,503</u>	<u>\$58,672,969</u>
Business-type Activities:				
Net Investment in Capital Assets	\$16,956,742	\$22,335,180	\$21,621,744	\$20,600,700
Unrestricted	3,965,856	1,819,773	4,271,539	6,514,026
Total Business-type Activities Net Position	<u>\$20,922,598</u>	<u>\$24,154,953</u>	<u>\$25,893,283</u>	<u>\$27,114,726</u>
Primary Government:				
Net Investment in Capital Assets	\$57,398,409	\$63,651,606	\$61,895,964	\$62,858,979
Restricted	11,110,542	10,280,743	11,967,071	14,149,111
Unrestricted	10,370,352	7,354,798	5,740,751	8,779,605
Total Primary Government Net Position	<u>\$78,879,303</u>	<u>\$81,287,147</u>	<u>\$79,603,786</u>	<u>\$85,787,695</u>

*Restated

Source: City Auditor's Office

City of Newark

*					
2012	2013	2014	2015	2016	2017
\$42,970,107	\$46,111,207	\$44,958,995	\$45,289,248	\$45,753,020	\$46,518,880
13,070,091	11,903,557	12,518,066	11,989,270	13,304,726	14,563,247
2,407,288	1,671,736	(25,664,425)	(26,854,936)	(28,209,247)	(28,727,700)
<u>\$58,447,486</u>	<u>\$59,686,500</u>	<u>\$31,812,636</u>	<u>\$30,423,582</u>	<u>\$30,848,499</u>	<u>\$32,354,427</u>
\$22,105,075	\$23,693,170	\$23,473,836	\$23,666,267	\$25,890,917	\$27,363,677
5,214,754	5,003,115	3,827,754	5,201,729	6,246,617	8,258,705
<u>\$27,319,829</u>	<u>\$28,696,285</u>	<u>\$27,301,590</u>	<u>\$28,867,996</u>	<u>\$32,137,534</u>	<u>\$35,622,382</u>
\$65,075,182	\$69,804,377	\$68,432,831	\$68,955,515	\$71,643,937	\$73,882,557
13,070,091	11,903,557	12,518,066	11,989,270	13,304,726	14,563,247
7,622,042	6,674,851	(21,836,671)	(21,653,207)	(21,962,630)	(20,468,995)
<u>\$85,767,315</u>	<u>\$88,382,785</u>	<u>\$59,114,226</u>	<u>\$59,291,578</u>	<u>\$62,986,033</u>	<u>\$67,976,809</u>

City of Newark

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

	2008	2009	2010
Expenses			
Governmental Activities:			
Security of Persons and Property	\$19,619,726	\$18,993,822	\$18,825,824
Leisure Time Activities	560,532	669,024	575,431
Community Environment	3,059,820	2,984,886	2,666,668
Public Health and Welfare Services	599,601	10,329	157,745
Transportation	6,060,496	6,762,557	5,686,444
General Government	10,396,217	10,430,285	11,671,609
Interest and Fiscal Charges	800,191	760,156	787,437
<i>Total Governmental Activities Expenses</i>	<u>41,096,583</u>	<u>40,611,059</u>	<u>40,371,158</u>
Business-type Activities:			
Water	6,650,976	6,604,911	6,120,509
Sewer	5,291,774	5,941,006	5,238,347
Storm Water	614,380	989,162	2,122,819
<i>Total Business-type Activities Expenses</i>	<u>12,557,130</u>	<u>13,535,079</u>	<u>13,481,675</u>
<i>Total Primary Government Expenses</i>	<u>\$53,653,713</u>	<u>\$54,146,138</u>	<u>\$53,852,833</u>
Program Revenues			
Governmental Activities:			
Charges for Services			
Security of Persons and Property	\$3,411,136	\$3,886,667	\$3,650,730
Leisure Time Activities	16,428	16,031	0
Community Environment	55,384	45,885	44,318
Public Health and Welfare Services	190,593	202,895	73,932
Transportation	411,174	142,495	108,475
General Government	1,011,575	1,131,397	459,996
Operating Grants and Contributions	4,730,482	5,488,390	5,745,895
Capital Grants and Contributions	10,000	184,019	295,531
<i>Total Governmental Activities Program Revenues</i>	<u>9,836,772</u>	<u>11,097,779</u>	<u>10,378,877</u>

City of Newark

2011	2012	2013	2014	2015	2016	2017
\$17,438,065	\$19,288,483	\$17,844,738	\$18,014,306	\$18,199,966	\$20,139,086	\$20,158,136
560,236	658,305	629,675	864,731	919,417	788,906	805,323
1,958,987	2,221,036	2,050,028	1,614,911	1,531,206	1,119,922	2,035,280
217,140	1,770,199	119,440	186,078	45,062	43,762	20,948
5,364,963	6,457,578	4,761,118	3,852,334	4,351,212	3,836,428	3,848,797
10,283,567	10,860,659	10,207,273	10,588,687	10,609,273	10,559,036	11,740,626
757,878	799,142	812,373	822,031	735,303	961,639	813,720
<u>36,580,836</u>	<u>42,055,402</u>	<u>36,424,645</u>	<u>35,943,078</u>	<u>36,391,439</u>	<u>37,448,779</u>	<u>39,422,830</u>
6,444,744	6,670,964	5,729,159	6,019,772	6,402,011	5,852,349	6,289,615
5,568,346	6,660,500	6,000,714	7,370,520	6,158,986	6,491,673	6,573,165
1,920,374	1,721,062	3,002,057	1,844,358	2,693,249	2,542,355	2,275,143
<u>13,933,464</u>	<u>15,052,526</u>	<u>14,731,930</u>	<u>15,234,650</u>	<u>15,254,246</u>	<u>14,886,377</u>	<u>15,137,923</u>
<u>\$50,514,300</u>	<u>\$57,107,928</u>	<u>\$51,156,575</u>	<u>\$51,177,728</u>	<u>\$51,645,685</u>	<u>\$52,335,156</u>	<u>\$54,560,753</u>
\$3,346,407	\$3,415,217	\$3,063,296	\$3,153,173	\$3,120,520	\$3,149,170	\$3,316,630
0	0	0	0	0	0	0
62,801	68,149	72,154	101,985	163,450	121,929	284,510
138,358	245,040	108,539	157,337	144,829	162,113	154,577
89,514	109,699	11,657	1,709	0	0	0
585,758	574,438	650,115	718,048	711,005	709,967	858,659
7,222,698	9,926,907	6,169,429	4,471,047	4,307,895	4,752,661	5,667,002
2,892,903	290,794	1,081,549	54,406	414,045	995,426	1,274,404
<u>14,338,439</u>	<u>14,630,244</u>	<u>11,156,739</u>	<u>8,657,705</u>	<u>8,861,744</u>	<u>9,891,266</u>	<u>11,555,782</u>

(Continued)

City of Newark

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

	2008	2009	2010
Business-type Activities:			
Charges for Services			
Water	5,998,709	5,850,171	6,094,605
Sewer	5,880,392	5,918,464	6,563,274
Storm Water	2,168,753	2,229,720	2,513,032
Capital Grants and Contributions	0	3,691,191	750,445
<i>Total Business-type Activities Program Revenues</i>	<u>14,047,854</u>	<u>17,689,546</u>	<u>15,921,356</u>
<i>Total Primary Government Program Revenues</i>	<u>23,884,626</u>	<u>28,787,325</u>	<u>26,300,233</u>
Net (Expense)/Revenue			
Governmental Activities	(31,259,811)	(29,513,280)	(29,992,281)
Business-type Activities	1,490,724	4,154,467	2,439,681
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$29,769,087)</u>	<u>(\$25,358,813)</u>	<u>(\$27,552,600)</u>
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Property Taxes Levied for:			
General Purposes	\$2,189,609	\$2,150,345	\$2,126,951
Special Purposes	436,568	427,084	421,153
Capital Purposes	282,935	251,214	265,668
Income Taxes	20,899,162	18,845,278	18,880,522
Other Local Taxes	366,551	358,197	361,444
Intergovernmental, Unrestricted	3,264,236	4,214,287	3,554,614
Investment Earnings	636,922	369,406	219,412
Miscellaneous	431,212	1,134,938	658,189
Transfers	924,993	938,020	82,637
<i>Total Governmental Activities</i>	<u>29,432,188</u>	<u>28,688,769</u>	<u>26,570,590</u>
Business-type Activities:			
Investment Earnings	37,267	15,908	3,247
Transfers	(924,993)	(938,020)	(82,637)
<i>Total Business-type Activities</i>	<u>(887,726)</u>	<u>(922,112)</u>	<u>(79,390)</u>
<i>Total Primary Government</i>	<u>\$28,544,462</u>	<u>\$27,766,657</u>	<u>\$26,491,200</u>
Change in Net Position			
Governmental Activities	(\$1,827,623)	(\$824,511)	(\$3,421,691)
Business-type Activities	602,998	3,232,355	2,360,291
<i>Total Primary Government Change in Net Position</i>	<u>(\$1,224,625)</u>	<u>\$2,407,844</u>	<u>(\$1,061,400)</u>

Source: City Auditor's Office

City of Newark

2011	2012	2013	2014	2015	2016	2017
6,027,520	6,217,554	6,570,928	6,212,924	6,294,557	6,656,234	6,797,182
6,600,685	6,742,077	6,871,755	7,419,978	7,653,112	8,374,932	8,404,935
2,655,588	2,728,525	2,806,031	2,769,820	2,871,602	2,853,724	2,998,433
0	0	350,000	0	0	507,805	422,221
15,283,793	15,688,156	16,598,714	16,402,722	16,819,271	18,392,695	18,622,771
29,622,232	30,318,400	27,755,453	25,060,427	25,681,015	28,283,961	30,178,553
(22,242,397)	(27,425,158)	(25,267,906)	(27,285,373)	(27,529,695)	(27,557,513)	(27,867,048)
1,350,329	635,630	1,866,784	1,168,072	1,565,025	3,506,318	3,484,848
<u>(\$20,892,068)</u>	<u>(\$26,789,528)</u>	<u>(\$23,401,122)</u>	<u>(\$26,117,301)</u>	<u>(\$25,964,670)</u>	<u>(\$24,051,195)</u>	<u>(\$24,382,200)</u>
\$2,003,214	\$2,037,865	\$2,079,535	\$2,100,858	\$2,040,628	\$2,055,097	\$2,053,021
398,173	403,724	411,562	416,520	404,872	408,316	407,838
919,482	740,590	662,390	428,807	594,079	446,815	1,394,237
19,440,371	20,287,028	19,435,197	20,092,754	20,454,357	22,318,619	22,471,820
496,040	476,211	503,408	420,782	514,057	515,033	652,430
3,099,985	2,231,124	2,075,599	1,542,244	1,566,000	1,482,292	1,515,622
175,826	168,953	132,177	149,711	67,376	169,378	224,875
540,484	417,356	715,301	867,854	499,272	349,426	653,133
131,288	436,824	491,751	(5,376)	0	237,454	0
27,204,863	27,199,675	26,506,920	26,014,154	26,140,641	27,982,430	29,372,976
2,402	6,297	1,423	901	1,381	674	0
(131,288)	(436,824)	(491,751)	5,376	0	(237,454)	0
(128,886)	(430,527)	(490,328)	6,277	1,381	(236,780)	0
<u>\$27,075,977</u>	<u>\$26,769,148</u>	<u>\$26,016,592</u>	<u>\$26,020,431</u>	<u>\$26,142,022</u>	<u>\$27,745,650</u>	<u>\$29,372,976</u>
\$4,962,466	(\$225,483)	\$1,239,014	(\$1,271,219)	(\$1,389,054)	\$424,917	\$1,505,928
1,221,443	205,103	1,376,456	1,174,349	1,566,406	3,269,538	3,484,848
<u>\$6,183,909</u>	<u>(\$20,380)</u>	<u>\$2,615,470</u>	<u>(\$96,870)</u>	<u>\$177,352</u>	<u>\$3,694,455</u>	<u>\$4,990,776</u>

City of Newark

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

	2008	2009	2010	2011
General Fund				
Nonspendable	\$0	\$0	\$0	\$115,987
Assigned	0	0	0	534,701
Unassigned	0	0	0	3,752,273
Reserved	470,901	580,093	570,773	0
Unreserved	2,608,161	2,403,167	1,774,282	0
<i>Total General Fund</i>	<u>3,079,062</u>	<u>2,983,260</u>	<u>2,345,055</u>	<u>4,402,961</u>
All Other Governmental Funds				
Nonspendable	\$0	\$0	\$0	\$4,903,304
Restricted	0	0	0	8,042,449
Unassigned	0	0	0	(755,421)
Reserved	2,867,626	2,542,594	3,989,848	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	3,774,340	2,850,367	3,858,783	0
Capital Projects Funds	(4,972)	(211,166)	331,383	0
<i>Total All Other Governmental Funds</i>	<u>6,636,994</u>	<u>5,181,795</u>	<u>8,180,014</u>	<u>12,190,332</u>
<i>Total Governmental Funds</i>	<u>\$9,716,056</u>	<u>\$8,165,055</u>	<u>\$10,525,069</u>	<u>\$16,593,293</u>

Source: City Auditor's Office

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

City of Newark

2012	2013	2014	2015	2016	2017
\$117,771	\$122,904	\$121,858	\$132,563	\$266,770	\$196,622
1,300,983	2,298,246	1,365,840	1,720,745	3,636,716	4,188,425
2,501,691	1,095,173	1,230,500	1,840,280	998,691	2,080,002
0	0	0	0	0	0
0	0	0	0	0	0
3,920,445	3,516,323	2,718,198	3,693,588	4,902,177	6,465,049
\$231,351	\$187,475	\$257,886	\$346,364	\$388,325	\$493,257
12,053,339	10,966,671	11,722,819	10,932,039	11,083,187	10,997,736
(558,807)	(1,044,814)	(2,422,355)	(6,272,292)	(860,510)	(239,683)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
11,725,883	10,109,332	9,558,350	5,006,111	10,611,002	11,251,310
\$15,646,328	\$13,625,655	\$12,276,548	\$8,699,699	\$15,513,179	\$17,716,359

City of Newark

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

	2008	2009	2010	2011
Revenues:				
Taxes	\$24,141,533	\$21,995,412	\$22,138,933	\$23,235,579
Intergovernmental Revenues	8,458,536	9,778,082	10,267,862	11,112,100
Charges for Services	2,341,997	2,484,063	2,289,390	2,114,800
Licenses, Permits and Fees	672,053	739,218	63,204	136,677
Investment Earnings	582,307	362,306	217,555	170,071
Special Assessments	7,198	39,295	27,635	25,439
Fines and Forfeitures	2,072,203	2,134,239	2,056,603	1,948,006
All Other Revenue	431,212	1,134,938	658,189	540,484
Total Revenue	38,707,039	38,667,553	37,719,371	39,283,156
Expenditures:				
Current:				
Security of Persons and Property	18,603,640	18,299,201	18,207,565	17,582,231
Public Health and Welfare Services	622,243	7,911	140,923	200,044
Leisure Time Activities	536,902	616,513	575,431	560,236
Community Environment	2,823,629	3,171,385	2,549,523	1,940,710
Transportation	4,161,938	4,886,329	3,936,324	3,981,510
General Government	10,003,984	9,770,565	9,774,503	10,750,798
Capital Outlay	2,915,007	4,123,220	2,460,005	2,983,077
Debt Service:				
Principal Retirement	530,000	535,000	550,000	751,726
Interest and Fiscal Charges	748,092	705,764	722,471	665,800
Total Expenditures	40,945,435	42,115,888	38,916,745	39,416,132
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,238,396)	(3,448,335)	(1,197,374)	(132,976)

City of Newark

2012	2013	2014	2015	2016	2017
\$23,598,538	\$23,209,071	\$23,321,413	\$24,195,781	\$25,361,800	\$26,134,290
12,475,770	9,742,262	6,188,662	6,167,868	6,940,541	7,443,663
2,102,342	1,989,940	2,141,130	2,150,036	2,053,101	2,190,529
65,196	75,781	83,409	76,249	100,507	91,611
161,787	124,176	146,950	74,259	154,274	224,875
7,703	6,843	6,828	50	2	0
2,101,869	1,829,655	1,884,913	1,898,252	1,828,543	2,228,701
417,356	715,301	867,854	499,272	349,426	653,133
<u>40,930,561</u>	<u>37,693,029</u>	<u>34,641,159</u>	<u>35,061,767</u>	<u>36,788,194</u>	<u>38,966,802</u>
18,462,490	17,586,636	17,441,213	16,720,295	17,259,586	18,107,047
1,751,877	119,440	186,078	45,062	43,762	20,948
652,138	687,552	746,428	698,450	697,623	700,726
2,160,549	2,140,823	1,569,877	1,322,320	1,165,793	2,013,552
4,377,197	3,433,453	2,059,898	2,876,635	2,928,693	2,829,130
10,259,639	9,959,941	10,641,150	9,846,419	10,125,574	10,750,798
3,614,008	4,701,957	2,205,873	5,843,235	1,684,548	2,712,621
894,321	1,018,701	685,592	1,099,074	2,917,820	2,321,987
736,336	725,068	732,569	623,997	789,126	835,862
<u>42,908,555</u>	<u>40,373,571</u>	<u>36,268,678</u>	<u>39,075,487</u>	<u>37,612,525</u>	<u>40,292,671</u>
(1,977,994)	(2,680,542)	(1,627,519)	(4,013,720)	(824,331)	(1,325,869)

(Continued)

City of Newark

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

	2008	2009	2010	2011
Other Financing Sources (Uses):				
Sale of Capital Assets	43,321	0	0	0
Other Financing Sources - Capital Lease	402,087	0	718,698	319,820
State Infrastructure Bank Loan	0	1,021,359	162,954	191,560
Premium on Bond Issuance	0	0	0	0
General Obligation Bonds Issued	1,180,000	0	1,710,000	1,200,000
Refunding General Obligation Bonds Issued	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
OPWC Loan Issuance	0	0	0	0
Transfers In	23,984,004	21,370,773	19,675,687	4,469,758
Transfers Out	(23,059,011)	(20,432,753)	(18,793,050)	(4,113,653)
Total Other Financing Sources (Uses)	<u>2,550,401</u>	<u>1,959,379</u>	<u>3,474,289</u>	<u>2,067,485</u>
Net Change in Fund Balance	<u>\$312,005</u>	<u>(\$1,488,956)</u>	<u>\$2,276,915</u>	<u>\$1,934,509</u>
 Debt Service as a Percentage of Noncapital Expenditures	 3.24%	 3.26%	 3.40%	 3.91%

Source: City Auditor's Office

City of Newark

2012	2013	2014	2015	2016	2017
42,975	8,372	48,375	46,971	46,350	54,650
350,000	73,900	0	291,575	465,000	453,494
738,339	52,516	0	0	0	0
0	0	182,694	0	554,488	97,015
0	0	0	0	5,200,000	1,550,000
0	0	7,930,000	0	1,710,000	1,895,000
0	0	(7,945,049)	0	0	(936,200)
0	600,000	0	0	3,277	381,723
2,915,010	3,031,308	2,628,597	2,377,818	2,269,546	2,560,274
(2,862,443)	(3,065,058)	(2,633,973)	(2,377,818)	(2,786,806)	(2,560,274)
1,183,881	701,038	210,644	338,546	7,461,855	3,495,682
(\$794,113)	(\$1,979,504)	(\$1,416,875)	(\$3,675,174)	\$6,637,524	\$2,169,813
4.11%	4.98%	4.16%	5.10%	10.75%	8.75%

City of Newark

Income Tax Revenues by Source, Governmental Funds Last Ten Years

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

Source: City Income Tax Department

City of Newark

2013	2014	2015	2016	2017
1.75%	1.75%	1.75%	1.75%	1.75%
\$19,882,043	\$19,872,041	\$20,403,273	\$22,185,993	\$22,420,314
15,722,081	15,751,140	16,173,959	17,181,295	17,423,474
79.08%	79.26%	79.28%	77.44%	77.71%
1,564,374	1,494,229	1,484,316	1,827,124	2,084,361
7.87%	7.52%	7.27%	8.24%	9.30%
2,595,588	2,626,672	2,744,998	3,177,574	2,912,479
13.05%	13.22%	13.45%	14.32%	12.99%



City of Newark

Income Tax Statistics Current Year and Nine Years Ago

Calendar Year 2017						
Income Tax Filers	Number of Filers	Percent of Total	Taxable Income	Percent of Income	Income Tax Collections	Percent of Income
Top Ten	10	0.06%	\$28,026,291	3.84%	\$490,460	3.84%
All Others	16,507	99.94%	702,375,770	96.16%	12,291,576	96.16%
Total	16,517	100.00%	730,402,061	100.00%	\$12,782,036	100.00%

Calendar Year 2008						
Income Tax Filers	Number of Filers	Percent of Total	Taxable Income	Percent of Income	Income Tax Collections	Percent of Income
Top Ten	10	0.06%	\$33,855,300	4.59%	\$592,468	4.59%
All Others	17,955	99.94%	703,077,859	95.41%	12,303,863	95.41%
Total	17,965	100.00%	\$736,933,159	100.00%	\$12,896,331	100.00%

Source: City Income Tax Department

City of Newark

Ratios of Outstanding Debt By Type Last Ten Years

	2008	2009	2010	2011
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$14,609,991	\$14,074,991	\$15,234,991	\$15,759,991
Ohio Public Works Commission Loan Payable	0	0	0	0
Capital Leases	2,904,221	2,253,763	2,218,696	2,001,395
ODOT State Infrastructure Bank Loan	0	1,021,359	1,184,313	1,299,147
Business-type Activities ⁽¹⁾				
General Obligation Bonds Payable	\$6,925,411	\$7,333,753	\$6,506,120	\$7,145,172
Ohio Water Development Authority Loans Payable	11,845,846	12,687,667	22,899,357	25,580,376
Ohio Public Works Commission Loans Payable	526,007	1,119,535	1,049,964	980,393
Special Assessment Bonds Payable	30,772	25,644	20,516	15,388
Capital Leases	398,080	362,395	319,995	275,901
Total Primary Government	<u>\$37,240,328</u>	<u>\$38,879,107</u>	<u>\$49,433,952</u>	<u>\$53,057,763</u>
Population ⁽²⁾				
City of Newark	46,279	46,279	47,537	47,537
Outstanding Debt Per Capita	\$805	\$840	\$1,040	\$1,116
Income ⁽³⁾				
Personal (in thousands)	\$1,600,374	\$1,581,029	\$1,648,155	\$1,782,210
Percentage of Personal Income	2.33%	2.46%	3.00%	2.98%

Sources:

- (1) City Auditor's Office
- (2) U.S. Bureau of Census, Population Division
- (3) U.S. Department of Commerce, Bureau of Economic Analysis information is only available through 2016, for the presentation of 2017 statistics, the City is using the latest information available.
- (a) Per Capita Income is only available by County, Total Personal Income is a calculation

City of Newark

2012	2013	2014	2015	2016	2017
\$15,039,991	\$14,854,203	\$14,873,212	\$14,182,321	\$19,153,042	\$19,841,317
0	600,000	600,000	585,000	558,277	910,000
1,794,187	1,397,398	905,528	802,766	835,963	1,018,577
1,863,165	1,651,980	1,371,388	1,082,314	784,505	477,693
\$11,268,626	\$13,798,821	\$12,332,636	\$10,796,376	\$9,244,510	\$7,902,115
27,158,821	32,630,272	33,729,939	37,218,169	39,331,720	47,169,828
910,822	1,673,341	1,562,166	1,450,991	1,339,816	1,228,641
10,260	5,132	0	0	0	0
230,049	285,659	202,691	116,710	27,607	0
<u>\$58,275,921</u>	<u>\$66,896,806</u>	<u>\$65,577,560</u>	<u>\$66,234,647</u>	<u>\$71,275,440</u>	<u>\$78,548,171</u>
47,537	47,537	47,537	47,537	47,537	47,537
\$1,226	\$1,407	\$1,380	\$1,393	\$1,499	\$1,652
\$1,894,349	\$1,837,685	\$1,897,962	\$1,983,576	\$2,006,870	\$2,006,870
3.08%	3.64%	3.46%	3.34%	3.55%	3.91%

City of Newark

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2008	2009	2010	2011
Population ⁽¹⁾	46,279	46,279	47,537	47,537
Personal Income ⁽²⁾	\$1,600,374,099	\$1,581,029,477	\$1,648,155,327	\$1,782,209,667
General Bonded Debt				
General Obligation Bonds	\$21,535,402	\$21,408,744	\$21,741,111	\$22,905,163
Resources Available to Pay Principal	\$154,983	\$8,059	\$18,749	\$166,935
Net General Bonded Debt	\$21,380,419	\$21,400,685	\$21,722,362	\$22,738,228
Ratio of Net Bonded Debt to Personal Income	1.34%	1.35%	1.32%	1.28%
Net Bonded Debt per Capita	\$461.99	\$462.43	\$456.96	\$478.33

Sources:

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

(2) U.S. Department of Commerce, Bureau of Economic Analysis information is only available through 2016, for the presentation of 2017 statistics, the City is using the latest information available.

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

City of Newark

2012	2013	2014	2015	2016	2017
47,537	47,537	47,537	47,537	47,537	47,537
\$1,894,349,450	\$1,837,685,346	\$1,897,962,262	\$1,983,576,399	\$2,006,869,529	\$2,006,869,529
\$26,308,617	\$28,653,024	\$27,205,848	\$24,978,697	\$28,397,552	\$27,743,432
\$391,186	\$699,446	\$1,585,501	\$1,368,476	\$1,207,458	\$1,118,394
\$25,917,431	\$27,953,578	\$25,620,347	\$23,610,221	\$27,190,094	\$26,625,038
1.37%	1.52%	1.35%	1.19%	1.35%	1.33%
\$545.21	\$588.04	\$538.96	\$496.67	\$571.98	\$560.09



City of Newark

Computation of Direct and Overlapping Debt Attributable to Governmental Activities December 31, 2017

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Newark (1)</u>	<u>Amount Applicable to the City of Newark</u>
Direct:			
City of Newark	\$22,247,587	100.00%	\$22,247,587
Overlapping:			
Career and Technology Education Center	3,560,000	18.70%	665,720
Newark City Schools	47,807,630	92.14%	44,049,950
Licking County	26,246,066	17.62%	4,624,557
		Subtotal	<u>49,340,227</u>
		Total	<u><u>\$71,587,814</u></u>

Source: Licking County Auditor

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

City of Newark

Debt Limitations Last Ten Years

Collection Year	2008	2009	2010	2011
Total Debt				
Net Assessed Valuation	\$799,331,100	\$789,272,045	\$799,841,220	\$803,775,990
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	83,929,766	82,873,565	83,983,328	84,396,479
City Debt Outstanding (2)	12,619,991	12,214,991	11,859,991	12,529,991
Less: Applicable Debt Service Fund Amounts	(154,983)	(8,059)	(18,749)	(166,935)
Net Indebtedness Subject to Limitation	12,465,008	12,206,932	11,841,242	12,363,056
Overall Legal Debt Margin	<u>\$71,464,758</u>	<u>\$70,666,633</u>	<u>\$72,142,086</u>	<u>\$72,033,423</u>
Debt Margin as a Percentage of Debt Limit	85.15%	85.27%	85.90%	85.35%
Unvoted Debt				
Net Assessed Valuation	\$799,331,100	\$789,272,045	\$799,841,220	\$803,775,990
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	43,963,211	43,409,962	43,991,267	44,207,679
City Debt Outstanding (2)	12,619,991	12,214,991	11,859,991	12,529,991
Less: Applicable Debt Service Fund Amounts	(154,983)	(8,059)	(18,749)	(166,935)
Net Indebtedness Subject to Limitation	12,465,008	12,206,932	11,841,242	12,363,056
Overall Legal Debt Margin	<u>\$31,498,203</u>	<u>\$31,203,030</u>	<u>\$32,150,025</u>	<u>\$31,844,623</u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only.
The East Main Street Improvement and Deo Drive Bonds are TIF Bonds.
Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Source: City Auditor's Office

City of Newark

2012	2013	2014	2015	2016	2017
\$804,198,160	\$811,606,160	\$799,885,660	\$770,883,080	\$776,258,520	\$843,197,460
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
84,440,807	85,218,647	83,987,994	80,942,723	81,507,145	88,535,733
14,159,991	14,809,991	19,329,991	19,008,515	18,372,230	18,086,000
(391,186)	(699,446)	(1,585,501)	(1,368,476)	(1,207,458)	(1,118,394)
13,768,805	14,110,545	17,744,490	17,640,039	17,164,772	16,967,606
\$70,672,002	\$71,108,102	\$66,243,504	\$63,302,684	\$64,342,373	\$71,568,127
83.69%	83.44%	78.87%	78.21%	78.94%	80.84%
\$804,198,160	\$811,606,160	\$799,885,660	\$770,883,080	\$776,258,520	\$843,197,460
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
44,230,899	44,638,339	43,993,711	42,398,569	42,694,219	46,375,860
14,159,991	14,809,991	19,329,991	19,008,515	18,372,230	18,086,000
(391,186)	(699,446)	(1,585,501)	(1,368,476)	(1,207,458)	(1,118,394)
13,768,805	14,110,545	17,744,490	17,640,039	17,164,772	16,967,606
\$30,462,094	\$30,527,794	\$26,249,221	\$24,758,530	\$25,529,447	\$29,408,254

City of Newark

Pledged Revenue Coverage Last Ten Years

	2008	2009	2010	2011	2012
Special Assessment Bonds (1)					
Special Assessment Collections	\$7,198	\$6,725	\$6,245	\$6,525	\$7,254
Debt Service					
Principal	5,128	5,128	5,128	5,128	5,128
Interest	1,706	1,462	1,218	974	730
Coverage	1.05	1.02	0.98	1.07	1.24
Tax Increment Financing (TIF) (2)					
Payment in Lieu of Taxes	\$171,761	\$163,200	\$164,491	\$170,495	\$232,252
Debt Service					
Principal	80,000	85,000	85,000	90,000	95,000
Interest	106,332	103,132	99,732	96,332	92,732
Coverage	0.92	0.87	0.89	0.92	1.24
Tax Increment Financing (TIF) (3)					
Payment in Lieu of Taxes	\$111,174	\$88,014	\$97,264	\$99,659	\$108,302
Debt Service					
Principal	50,000	45,000	45,000	55,000	55,000
Interest	41,919	44,992	43,304	41,616	39,554
Coverage	1.21	0.98	1.10	1.03	1.15

(1) Morgan Manor Sewer, Business-type Activities, Retired in 2014

(2) East Main Street Improvement, Governmental Activities

(3) Deo Drive Improvement, Governmental Activities

Source: City Auditor's Office

City of Newark

2013	2014	2015	2016	2017
\$6,725	\$6,529	\$0	\$0	\$0
5,128	5,132	0	0	0
488	244	0	0	0
1.20	1.21	0.00	0.00	0.00
\$166,819	\$25,587	\$69,405	\$0	\$0
100,000	100,000	105,000	120,000	125,000
88,932	84,932	80,932	87,640	46,550
0.88	0.14	0.37	0.00	0.00
\$107,079	\$111,712	\$112,753	\$114,903	\$102,364
55,000	55,000	55,000	60,000	65,000
37,492	35,428	33,366	31,304	29,054
1.16	1.24	1.28	1.26	1.09

City of Newark

Demographic and Economic Statistics Last Ten Years

Calendar Year	2008	2009	2010	2011	2012
Population ⁽¹⁾					
City of Newark	46,279	46,279	47,537	47,537	47,537
Licking County	154,806	154,806	166,492	166,492	166,492
Income ^{(2) (a)}					
Total Personal (in thousands)	\$1,600,374	\$1,581,029	\$1,648,155	\$1,782,210	\$1,894,349
Per Capita	\$34,581	\$34,163	\$34,671	\$37,491	\$39,850
Unemployment Rate ⁽³⁾					
Federal	5.8%	9.7%	8.9%	8.9%	7.8%
State	6.6%	10.2%	8.5%	8.6%	6.7%
Licking County	6.1%	11.1%	8.7%	8.0%	6.5%
Civilian Work Force Estimates ⁽³⁾					
State	5,986,400	5,979,100	5,989,150	5,806,500	5,740,900
Licking County	85,600	85,700	86,700	84,400	84,829

Sources:

- (1) U.S. Bureau of Census of Population.
- (2) U.S. Department of Commerce, Bureau of Economic Analysis information is only available through 2016, for the presentation of 2017 statistics, the City is using the latest information available. As the most current information becomes available, prior year figures are updated.
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation.
- (3) State Department of Labor Statistics.

City of Newark

2013	2014	2015	2016	2017
47,537	47,537	47,537	47,537	47,537
166,492	166,492	166,492	166,492	166,492
\$1,837,685	\$1,897,962	\$1,983,576	\$2,006,870	\$2,006,870
\$38,658	\$39,926	\$41,727	\$42,217	\$42,217
7.4%	5.6%	5.3%	4.9%	4.1%
7.4%	5.1%	4.9%	4.9%	4.3%
6.9%	4.1%	4.2%	4.3%	3.8%
5,704,000	5,726,000	5,731,000	5,788,000	5,778,000
85,800	87,900	88,400	87,900	90,300



City of Newark

Principal Employers Current Year and Nine Years Ago

		2017	
Employer	Nature of Business	Number of Employees	Rank
Licking Memorial Hospital	Health Care	2,040	1
State Farm	Insurance	1,192	2
Licking County Government	Government	1,182	3
Newark City Schools	Education	984	4
Anomatic	Metal Finishers	970	5
OSUN/COTC	Education	764	6
Owens Corning	Fiberglass Insulation	565	7
Park National Bank	Banking	550	8
Kroger	Grocery Retail	400	9
City of Newark	Government	394	10
Total		9,041	
Total Employment within the City (1)		N/A	

		2008	
Employer	Nature of Business	Number of Employees	Rank
State Farm Insurance	Insurance	1,416	1
Newark City Schools	School District	1,314	2
Licking County Government	Government	1,288	3
Licking Memorial Hospital	Hospital	1,280	4
Anomatic Corp.	Metal Finishings	1,002	5
Owens Corning, Inc.	Fiberglass Insulation	800	6
OSUN/COTC	Education	669	7
Park National Bank	Financial	612	8
City of Newark	Government	486	9
Longaberger Corp.	Decorative Basket Manufacturer	400	10
Total		9,267	
Total Employment within the City		19,111	

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

Source: City Auditor's Office

City of Newark

Full Time Equivalent Employees by Function Last Ten Years

	2008	2009	2010	2011	2012
Governmental Activities					
General Government					
Finance	20.00	19.00	19.00	19.00	19.00
Legal/Court	52.00	51.00	51.00	51.00	51.00
Administration	30.00	29.00	29.00	29.00	29.00
Maintenance	18.00	16.00	16.00	16.00	16.00
Security of Persons and Property					
Police	106.00	104.00	103.00	105.00	105.00
Fire	88.00	88.00	87.00	88.00	88.00
Transportation					
Street	32.00	29.00	28.00	28.00	28.00
Leisure Time Activities					
Recreation/Seniors	18.00	16.00	16.00	15.00	15.00
Community Environment	42.00	40.00	40.00	40.00	40.00
Community Development	7.00	9.00	9.00	11.00	9.00
Business-Type Activities					
Utilities					
Water	45.00	44.00	44.00	44.00	44.00
Sewer	26.00	25.00	25.00	25.00	25.00
Storm Water	2.00	3.00	3.00	3.00	3.00
<i>Total Employees</i>	<u>486.00</u>	<u>473.00</u>	<u>470.00</u>	<u>474.00</u>	<u>472.00</u>

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

Source: City Auditor's Office

City of Newark

2013	2014	2015	2016	2017
19.00	19.00	18.00	18.00	16.00
50.00	50.00	46.00	42.00	40.00
29.00	29.00	27.00	26.00	26.00
16.00	16.00	16.00	16.00	16.00
104.00	104.00	96.00	77.00	77.00
88.00	88.00	87.00	80.00	80.00
28.00	28.00	25.00	25.00	24.00
14.00	14.00	14.00	12.00	12.00
40.00	40.00	30.00	30.00	30.00
5.00	5.00	4.00	4.00	3.00
44.00	46.00	41.00	41.00	41.00
25.00	29.00	26.00	26.00	26.00
3.00	3.00	3.00	3.00	3.00
465.00	471.00	433.00	400.00	394.00

City of Newark

Operating Indicators by Function Last Ten Years

	2008	2009	2010	2011	2012
Governmental Activities					
General Government					
Court					
Number of Traffic Cases	3,777	3,922	3,999	4,021	3,912
Licenses and Permits					
Number of Building Permits	501	450	437	444	453
Security of Persons and Property					
Police					
Number of Citations Issued	2,322	2,353	2,453	2,503	2,516
Number of Arrests	1,832	1,702	1,767	1,802	1,811
Fire					
Number of Fire Calls	6,220	6,316	6,288	6,334	6,111
Number of EMS Runs	7,839	6,998	7,002	7,253	7,310
Transportation					
Street					
Number of Streets Resurfaced	35	35	36	35	34
Community Environment					
Number of Code Violations	8	5	N/A	N/A	N/A
Business-Type Activities					
Water					
Number of Service Connections	20,543	20,543	20,777	20,827	20,888
Water Main Breaks	28	38	44	32	36
Daily Average Consumption (thousands of gallons)	9.0M	8.9M	9.0M	9.0M	9.1M
Sewer					
Number of Service Connections	18,703	18,723	18,798	18,842	18,911
Daily Average Sewage Treatment (thousands of gallons)	8.5M	8.4M	8.5M	8.6M	8.7M

Source: City Auditor's Office

City of Newark

2013	2014	2015	2016	2017
3,936	4,002	4,121	4,020	4,101
450	452	370	401	486
2,614	2,725	2,814	2,874	2,922
1,896	1,915	2,019	2,088	2,093
5,921	5,411	5,466	5,461	5,516
7,412	7,501	7,618	7,701	7,814
35	39	32	34	32
N/A	N/A	N/A	N/A	N/A
20,897	20,902	20,911	20,901	20,920
35	39	44	58	61
9.2M	9.3M	9.4M	9.4M	9.4M
18,925	18,999	19,122	19,119	19,206
8.8M	8.9M	8.9M	8.9M	8.9M

City of Newark

Capital Asset Statistics by Function Last Ten Years

	2008	2009	2010	2011	2012
Governmental Activities					
General Government					
Public Land and Buildings					
Land (acres)	459	459	459	459	459
Buildings	29	29	29	29	29
Security of Persons and Property					
Police					
Stations	1	1	1	1	1
Vehicles	22	22	23	24	24
Fire					
Stations	4	4	4	4	4
Vehicles	20	20	22	22	22
Transportation					
Street					
Streets (lane miles)	228	228	228	228	228
Traffic Signals	3,342	3,342	3,344	3,346	3,348
Vehicles	39	39	40	41	42
Leisure Time Activities					
Recreation/Seniors					
Land (acres)					
Buildings	16	16	16	16	16
Parks	39	39	39	39	39
Playgrounds	14	14	14	14	14
Swimming Pools	1	1	1	1	1
Baseball/Softball Diamonds	12	12	12	12	12
Business-Type Activities					
Utilities					
Water					
Waterlines (Miles)	203	203	204	204	204
Number of Hydrants	290	288	290	291	291
Sewer					
Sewer lines (Miles)	191	191	192	194	194
Lift Stations	7	10	10	10	10
Storm Water Drainage					
Storm Drains (Miles)	110	110	115	117	117
Number of Catch Basins	4,494	4,494	4,504	4,508	4,529

Source: City Auditor's Office

City of Newark

2013	2014	2015	2016	2017
459	459	459	459	459
29	29	29	29	29
1	1	1	1	1
24	24	24	24	25
4	4	4	4	4
22	22	23	23	23
228	228	228	228	228
3,348	3,348	3,351	3,351	3,354
42	42	42	42	43
16	16	16	16	16
39	39	39	39	39
14	14	14	14	14
1	1	1	1	1
12	12	12	12	12
204	204	205	205	205
291	291	292	292	292
194	194	194	194	195
10	10	10	10	10
117	119	120	120	121
4,529	4,533	4,536	4,536	4,540

