

# City of Newark, Ohio

*Licking County*



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2018



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2018

*Prepared by the Auditor's Office*

Stephen E. Johnson  
City Auditor



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CITY OF NEWARK  
LICKING COUNTY, OHIO

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## *INTRODUCTORY SECTION*

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# CITY OF NEWARK

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

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

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June 11, 2019

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, 2018. 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, 2018***

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**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, 2018***

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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, 2018***

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**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, 2018***

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**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 2018, 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 2018 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, 2018***

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Parks and Recreation

Throughout 2018, 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 2018. 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, 2018***

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

***Letter of Transmittal***

***For the Year Ended December 31, 2018***

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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, 2017. 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-seven consecutive years (1991 - 2017). 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, 2018***

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**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.

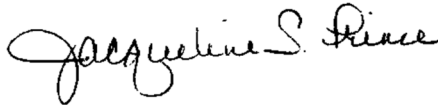
We also express our sincere appreciation to Donald J. Schonhardt and Associates, Inc. for their professional manner, expertise and countless hours of consultation in completing this annual financial report for the citizens of this community.

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.

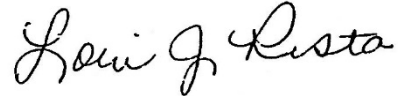
Respectfully,



Stephen E. Johnson  
City Auditor



Jacqueline S. Prince  
Accounting Manager



Lori J. Resta  
Deputy City Auditor

***CITY OF NEWARK, OHIO***

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***List of Principal Officials  
For the Year Ended December 31, 2018***

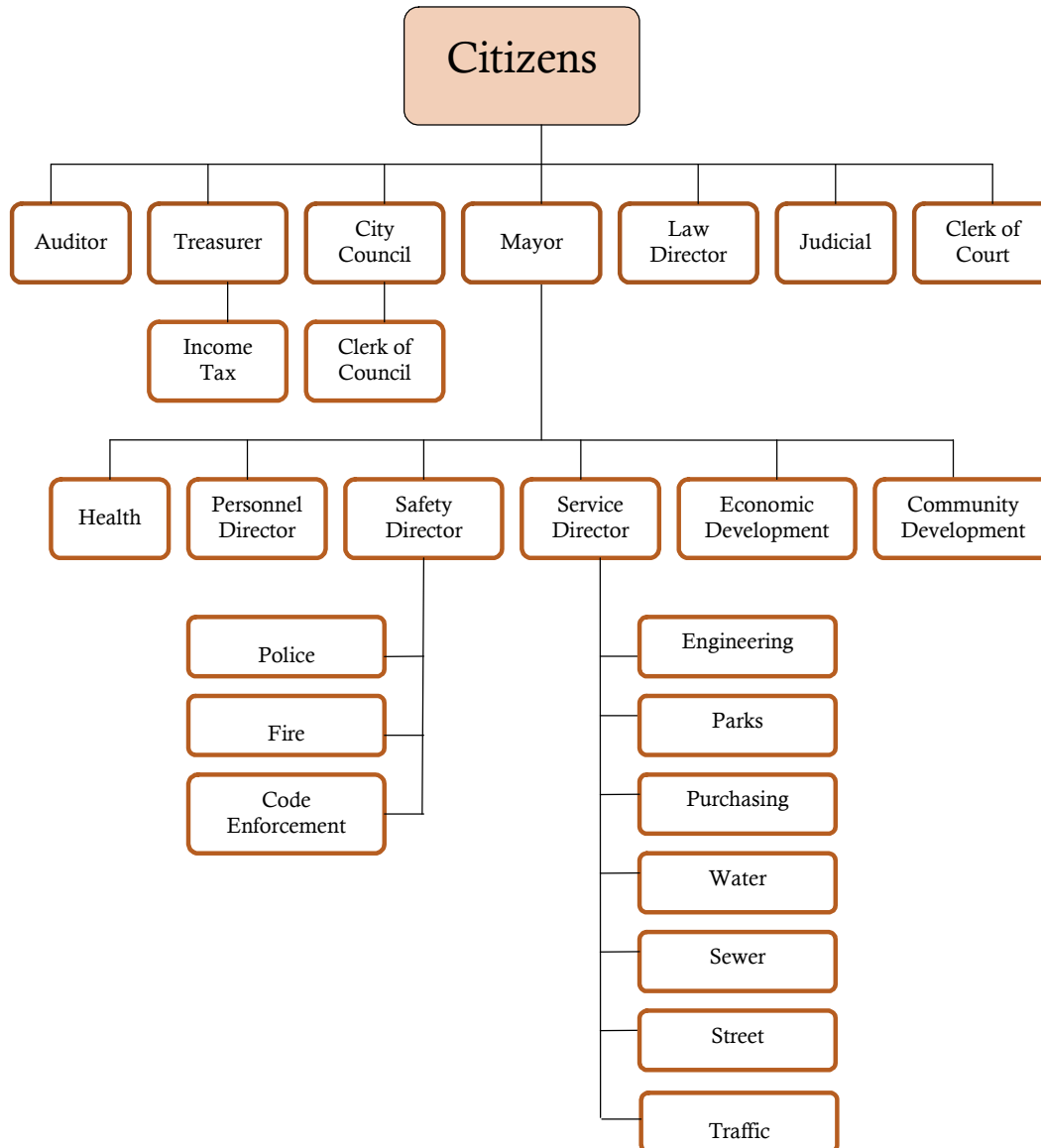
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NAME	TITLE	TERM OF OFFICE	SURETY DATA *
Jeff Hall	Mayor	01/01/16 to 12/31/19	
Stephen E. Johnson	Auditor	01/01/16 to 12/31/19	\$5,000 12/31/16 to 12/31/19
Michael F. Higgins	Judge	01/01/14 to 12/31/19	
David Stansberry	Judge	01/01/18 to 12/31/21	
Douglas Sassen	Law Director	01/01/16 to 12/31/19	
Tim Mercer	Treasurer	01/01/18 to 12/31/21	\$30,000 01/01/18 to 12/31/21
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	01/01/18 to 12/31/21	
Jeremy Blake	Council 2nd Ward	01/01/18 to 12/31/21	
Jeff Rath	Council 3rd Ward	01/01/18 to 12/31/21	
Mark Labutis	Council 4th Ward	09/01/18 to 12/31/21	
Jonathan Lang	Council 5th Ward	01/11/18 to 12/31/21	
Douglas Marmie	Council 6th Ward	01/01/18 to 12/31/21	
Sean Fennell	Council 7th Ward	01/01/18 to 12/31/21	
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, 2018***

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

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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, 2017**

*Christopher P. Morill*

Executive Director/CEO

## *FINANCIAL SECTION*

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**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

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## **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, 2018, 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.

***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, 2018, 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.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, during 2018, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits Other than Pensions*. We did not modify our opinion regarding this matter.

***Other Matters***

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment 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 11, 2019, 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 somewhat stylized.

BHM CPA Group, Inc  
Piketon, Ohio  
June 11, 2019



***Management's Discussion and Analysis  
For the Year Ended December 31, 2018***

***Unaudited***

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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, 2018. 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 2018 are as follows:

- ❑ In total, net position increased \$448,781. Net position of governmental activities decreased \$1,775,108, which represents a 33% change from 2017. Net position of business-type activities increased \$2,223,889 or 7% from 2017.
- ❑ General revenues accounted for \$29,866,289 in revenue or 51% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$29,213,247, or 49% of total revenues of \$59,079,536.
- ❑ The City had \$42,392,457 in expenses related to governmental activities; only \$10,751,060 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$29,866,289 were not adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$32,459,087 in revenues and other financing sources and \$32,173,798 in expenditures and other financing uses. The general fund's fund balance increased from \$6,465,049 to \$6,747,337.

**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, 2018***

***Unaudited***

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**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.

*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.

**Management's Discussion and Analysis  
For the Year Ended December 31, 2018**

**Unaudited**

*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 2018 compared to 2017.

	Governmental Activities		Business-type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	2017
Current and Other Assets	\$30,995,006	\$29,855,006	\$15,068,806	\$17,494,150	\$46,063,812	\$47,349,156
Capital Assets, Net	73,469,985	68,681,526	95,266,201	87,452,610	168,736,186	156,134,136
Total Assets	104,464,991	98,536,532	110,335,007	104,946,760	214,799,998	203,483,292
Deferred Outflows of Resources	8,483,184	9,401,770	1,242,890	2,420,201	9,726,074	11,821,971
Net Pension Liability	34,368,304	40,556,757	3,609,489	5,632,907	37,977,793	46,189,664
Net OPEB Liability	30,127,032	27,153,431	2,534,524	2,472,777	32,661,556	29,626,208
Other Long-term Liabilities	31,395,410	27,342,931	59,739,537	56,890,736	91,134,947	84,233,667
Other Liabilities	3,693,206	3,771,205	9,012,085	9,079,767	12,705,291	12,850,972
Total Liabilities	99,583,952	98,824,324	74,895,635	74,076,187	174,479,587	172,900,511
Deferred Inflows of Resources	9,829,841	3,804,488	1,277,482	109,883	11,107,323	3,914,371
Net Position						
Net Investment in Capital Assets	48,075,929	46,518,880	30,027,197	27,363,677	78,103,126	73,882,557
Restricted	14,481,155	14,563,247	0	0	14,481,155	14,563,247
Unrestricted	(59,022,702)	(55,772,637)	5,377,583	5,817,214	(53,645,119)	(49,955,423)
Total Net Position	\$3,534,382	\$5,309,490	\$35,404,780	\$33,180,891	\$38,939,162	\$38,490,381

The net pension liability (NPL) is reported by the City pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). 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 OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*.

***Management's Discussion and Analysis  
For the Year Ended December 31, 2018***

***Unaudited***

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GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the City's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this 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 these liabilities. 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 Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *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 retirement system is responsible for the administration of the pension and OPEB plans.

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 or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, 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 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 and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows. As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017 from \$32,354,427 to \$5,309,490 for Governmental Activities and from \$35,622,382 to \$33,180,891 for Business-type Activities.



**CITY OF NEWARK, OHIO****Management's Discussion and Analysis  
For the Year Ended December 31, 2018****Unaudited**

Change in Net Position – The following table shows the change in net position for 2018 compared with 2017:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for Services and Sales	\$4,721,925	\$4,614,376	\$18,214,844	\$18,200,550	\$22,936,769	\$22,814,926
Operating Grants and Contributions	4,147,863	5,667,002	0	0	4,147,863	5,667,002
Capital Grants and Contributions	1,881,272	1,274,404	247,343	422,221	2,128,615	1,696,625
Total Program Revenues	10,751,060	11,555,782	18,462,187	18,622,771	29,213,247	30,178,553
General Revenues:						
Property Taxes	3,525,150	3,855,096	0	0	3,525,150	3,855,096
Income Taxes	23,055,696	22,471,820	0	0	23,055,696	22,471,820
Other Local Taxes	416,577	652,430	0	0	416,577	652,430
Intergovernmental, Unrestricted	1,552,058	1,515,622	0	0	1,552,058	1,515,622
Investment Earnings	399,347	224,875	0	0	399,347	224,875
Miscellaneous	917,461	653,133	0	0	917,461	653,133
Total General Revenues	29,866,289	29,372,976	0	0	29,866,289	29,372,976
Total Revenues	40,617,349	40,928,758	18,462,187	18,622,771	59,079,536	59,551,529
Program Expenses						
Security of Persons and Property	22,014,630	20,158,136	0	0	22,014,630	20,158,136
Leisure Time Activities	764,096	805,323	0	0	764,096	805,323
Community Environment	1,591,011	2,035,280	0	0	1,591,011	2,035,280
Public Health and Welfare Services	101,517	20,948	0	0	101,517	20,948
Transportation	4,560,561	3,848,797	0	0	4,560,561	3,848,797
General Government	12,669,608	11,740,626	0	0	12,669,608	11,740,626
Interest and Fiscal Charges	691,034	813,720	0	0	691,034	813,720
Water	0	0	5,908,173	6,289,615	5,908,173	6,289,615
Sewer	0	0	7,481,125	6,573,165	7,481,125	6,573,165
Storm Water	0	0	2,849,000	2,275,143	2,849,000	2,275,143
Total Expenses	42,392,457	39,422,830	16,238,298	15,137,923	58,630,755	54,560,753
Total Change in Net Position	(1,775,108)	1,505,928	2,223,889	3,484,848	448,781	4,990,776
Beginning Net Position - Restated	5,309,490	N/A	33,180,891	N/A	38,490,381	N/A
Ending Net Position - Restated	\$3,534,382	\$5,309,490	\$35,404,780	\$33,180,891	\$38,939,162	\$38,490,381

**Governmental Activities**

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$108,494 for Governmental Activities and \$31,286 for Business-type Activities computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$2,148,685 for Governmental Activities and \$173,385 for Business-type Activities.

## ***CITY OF NEWARK, OHIO***

### ***Management's Discussion and Analysis For the Year Ended December 31, 2018***

***Unaudited***

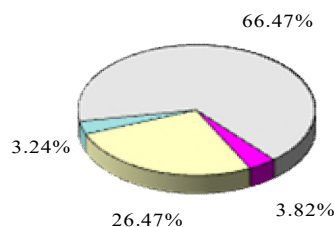
Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activities	Business-type Activities
Total 2018 program expenses under GASB 75	\$42,392,457	\$16,238,298
OPEB expense under GASB 75	(2,148,685)	(173,385)
2018 contractually required contribution	49,038	0
Adjusted 2018 program expenses	40,292,810	16,064,913
Total 2017 program expenses under GASB 45	39,422,830	15,137,923
Change in program expenses not related to OPEB	\$869,980	\$926,990

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 57% and 9% respectively of revenues for governmental activities in 2018. The City's reliance upon tax revenues is demonstrated by the following graph indicating 66% of total revenues from general tax revenues:

Revenue Sources	2018	Percent of Total
General Tax Revenues	\$26,997,423	66.47%
Intergovernmental, Unrestricted	1,552,058	3.82%
Program Revenues	10,751,060	26.47%
General Other	1,316,808	3.24%
Total Revenue	\$40,617,349	100.00%



### ***Business-Type Activities***

Net position of the business-type activities increased \$2,223,889. This represents a 7% change from the previous year. Revenues remained consistent with the prior year. An increase in expenses can be attributed to increased electric costs to operate storm and sewer pumps, due to an extremely wet year. Also contributing to the increase in expenses were costs associated with hauling sewage to the landfill while the digester is undergoing improvements.

### **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City's governmental funds reported a combined fund balance of \$19,343,142, which is an increase from last year's balance of \$17,716,359. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2018 and 2017:

	Fund Balance December 31, 2018	Fund Balance December 31, 2017	Increase (Decrease)
General	\$6,747,337	\$6,465,049	\$282,288
Other Governmental	12,595,805	11,251,310	1,344,495
Total	\$19,343,142	\$17,716,359	\$1,626,783

**Management's Discussion and Analysis  
For the Year Ended December 31, 2018****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:

	2018	2017	Increase
	Revenues	Revenues	(Decrease)
Taxes	\$25,653,633	\$25,149,819	\$503,814
Intergovernmental Revenues	1,620,612	1,741,761	(121,149)
Charges for Services	2,394,466	2,183,564	210,902
Licenses, Permits and Fees	79,200	91,611	(12,411)
Investment Earnings	158,931	133,435	25,496
Fines and Forfeitures	1,747,287	1,686,494	60,793
All Other Revenue	656,987	469,610	187,377
Total	<u>\$32,311,116</u>	<u>\$31,456,294</u>	<u>\$854,822</u>

Total General Fund revenues increased \$854,822 or 3% when compared with the previous year. Income taxes increased slightly, which can be attributed to increased efforts by the City to collect on delinquent taxes as well as overall economic improvements. An increase in charges for services can be attributed to emergency medical service transport fees.

	2018	2017	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$17,166,917	\$16,639,358	\$527,559
Leisure Time Activities	734,646	700,726	33,920
Community Environment	386,877	286,036	100,841
Transportation	8,287	25,768	(17,481)
General Government	10,392,601	9,987,034	405,567
Interest and Fiscal Charges	1,017	1,188	(171)
Total	<u>\$28,690,345</u>	<u>\$27,640,110</u>	<u>\$1,050,235</u>

General Fund expenditures increased \$1,050,235, or approximately 4% when compared with the prior year. Increases in security of persons and property and general government can be attributed to increases in salaries and wages. An increase in community environment was the result of an increase in the number of blighted properties that were razed.

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 2018 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 4% 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 4% less than final budget estimates.

**Management's Discussion and Analysis  
For the Year Ended December 31, 2018****Unaudited****CAPITAL ASSETS AND DEBT ADMINISTRATION****Capital Assets**

At the end of 2018 the City had \$168,736,186 net of accumulated depreciation invested in land, construction in progress, buildings, improvements, infrastructure, equipment and vehicles. Of this total, \$73,469,985 was related to governmental activities and \$95,266,201 to the business-type activities. The following tables show 2018 and 2017 balances:

	Governmental Activities		Increase (Decrease)
	2018	Restated 2017	
Land	\$20,119,771	\$20,059,826	\$59,945
Construction In Progress	4,757,377	4,260,592	496,785
Buildings	22,529,644	22,529,644	0
Improvements Other than Buildings	4,355,193	4,355,193	0
Infrastructure	75,630,567	71,915,219	3,715,348
Machinery and Equipment	12,369,008	11,087,436	1,281,572
Less: Accumulated Depreciation	(66,291,575)	(63,447,641)	(2,843,934)
Totals	<u>\$73,469,985</u>	<u>\$70,760,269</u>	<u>\$2,709,716</u>

Infrastructure additions included intersection improvements at 30<sup>th</sup> Street and West Church Street, Safe Routes to School pedestrian improvements on West Church and 21<sup>st</sup> Streets, State Route 16 eastbound ramp improvements at West Church Street, and resurfacing of North 21<sup>st</sup> Street. Machinery and equipment additions included police vehicles and a fire truck.

	Business-Type Activities		Increase (Decrease)
	2018	Restated 2017	
Land	\$161,800	\$161,800	\$0
Construction in Progress	31,569,484	24,769,448	6,800,036
Buildings and Improvements	58,180,134	58,180,134	0
Infrastructure	33,700,240	32,871,100	829,140
Machinery and Equipment	31,062,829	30,851,576	211,253
Less: Accumulated Depreciation	(59,408,286)	(57,037,333)	(2,370,953)
Totals	<u>\$95,266,201</u>	<u>\$89,796,725</u>	<u>\$5,469,476</u>

Significant additions to business-type activities capital assets consisted of a downtown sewer separation project, downtown water improvements, alternative storm water project, and sewer and storm water improvements at Mount Vernon Road. 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, 2018****Unaudited****Debt**

The following table summarizes the City's long-term liabilities outstanding as of December 31, 2018 and 2017:

	2018	Restated 2017
Governmental Activities:		
General Obligation Bonds	\$18,832,762	\$19,841,317
ODOT State Infrastructure Bank Loan	3,229,157	2,556,436
OPWC Loans	830,750	910,000
Long Term Note Payable	1,125,000	0
Capital Leases	2,088,567	1,018,577
Net Pension Liability	34,368,304	40,556,757
Net OPEB Liability	30,127,032	27,153,431
Workers Compensation Retrospective Liability	516,953	120,087
Accrued Pension Liability	1,468,890	1,529,522
Compensated Absences	3,303,331	3,445,735
Total Governmental Activities	95,890,746	97,131,862
Business-Type Activities:		
General Obligation Bonds	6,194,630	7,902,115
OWDA Loans	49,099,957	47,169,828
OPWC Loans	1,117,466	1,228,641
ODOT State Infrastructure Bank Loan	2,776,277	2,344,115
Net Pension Liability	3,609,489	5,632,907
Net OPEB Liability	2,534,524	2,472,777
Compensated Absences	551,207	590,152
Total Business-Type Activities	65,883,550	67,340,535
Totals	\$161,774,296	\$164,472,397

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, 2018, 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.

***Management's Discussion and Analysis  
For the Year Ended December 31, 2018***

***Unaudited***

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**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.

The City's operating budget has been affected by recession and economic uncertainty in recent years; however, an economic recovery is beginning to take place. The income tax collections increased by 3% in 2018 continuing a three-year growth trend. The city's operating budgets shown an increase over the same period and budgetary forecasts project that growth trend will continue.

**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, 2018**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Pooled Cash and Investments	\$ 14,805,589	\$ 12,001,282	\$ 26,806,871
Cash and Cash Equivalents with Fiscal Agent	126,108	0	126,108
Investments	332,899	0	332,899
Receivables:			
Taxes	7,037,441	0	7,037,441
Accounts	973,014	2,052,284	3,025,298
Intergovernmental	2,283,718	0	2,283,718
Interest	284,260	0	284,260
Loans	2,463,316	0	2,463,316
Internal Balance	(66,540)	66,540	0
Inventory of Supplies at Cost	517,903	832,388	1,350,291
Prepaid Items	469,919	102,584	572,503
Restricted Assets:			
Cash and Cash Equivalents	640,095	0	640,095
Cash and Cash Equivalents with Fiscal Agent	22,449	13,728	36,177
Investments	627,500	0	627,500
Investments with Fiscal Agent	477,335	0	477,335
Non-Depreciable Capital Assets	24,877,148	31,731,284	56,608,432
Depreciable Capital Assets, Net	48,592,837	63,534,917	112,127,754
<b>Total Assets</b>	<b>104,464,991</b>	<b>110,335,007</b>	<b>214,799,998</b>
<b>Deferred Outflows of Resources:</b>			
Deferred Charge on Debt Refunding	178,138	184,703	362,841
Pension	5,438,251	871,672	6,309,923
OPEB	2,866,795	186,515	3,053,310
<b>Total Deferred Outflows of Resources</b>	<b>8,483,184</b>	<b>1,242,890</b>	<b>9,726,074</b>
<b>Liabilities:</b>			
Accounts Payable	542,769	246,299	789,068
Accrued Wages and Benefits	1,116,473	215,695	1,332,168
Intergovernmental Payable	88,384	27,656	116,040
Claims Payable	669,073	0	669,073
Due to Escrow Agent	51,550	0	51,550
Matured Bonds and Interest Payable	0	13,728	13,728
Accrued Interest Payable	104,957	508,707	613,664
General Obligation Notes Payable	1,120,000	8,000,000	9,120,000
Noncurrent Liabilities:			
Due Within One Year	3,529,325	2,652,535	6,181,860
Due in More Than One Year:			
Net Pension Liability	34,368,304	3,609,489	37,977,793
Net OPEB Liability	30,127,032	2,534,524	32,661,556
Other Amounts Due in More Than One Year	27,866,085	57,087,002	84,953,087
<b>Total Liabilities</b>	<b>99,583,952</b>	<b>74,895,635</b>	<b>174,479,587</b>



**CITY OF NEWARK, OHIO**

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	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Deferred Inflows of Resources:</b>			
Property Tax Levy for Next Fiscal Year	3,429,510	0	3,429,510
Pension	4,515,984	1,010,615	5,526,599
OPEB	1,884,347	266,867	2,151,214
<b>Total Deferred Inflows of Resources</b>	<u>9,829,841</u>	<u>1,277,482</u>	<u>11,107,323</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	48,075,929	30,027,197	78,103,126
Restricted For:			
Capital Projects	2,102,530	0	2,102,530
Debt Service	1,682,014	0	1,682,014
Security of Persons	835,962	0	835,962
Street Improvement	3,137,558	0	3,137,558
Community Environment	2,996,543	0	2,996,543
Judiciary	2,492,530	0	2,492,530
Cemetery Maintenance	1,158,330	0	1,158,330
Other Purposes	75,688	0	75,688
Unrestricted (Deficit)	<u>(59,022,702)</u>	<u>5,377,583</u>	<u>(53,645,119)</u>
<b>Total Net Position</b>	<u>\$ 3,534,382</u>	<u>\$ 35,404,780</u>	<u>\$ 38,939,162</u>

See accompanying notes to the basic financial statements

**CITY OF NEWARK, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2018**

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Security of Persons and Property	\$ 22,014,630	\$ 3,424,525	\$ 384,782	\$ 0
Leisure Time Activities	764,096	0	7,000	0
Community Environment	1,591,011	183,207	809,971	0
Public Health and Welfare Services	101,517	131,922	78,402	0
Transportation	4,560,561	0	2,867,708	1,881,272
General Government	12,669,608	982,271	0	0
Interest and Fiscal Charges	691,034	0	0	0
<b>Total Governmental Activities</b>	<b>42,392,457</b>	<b>4,721,925</b>	<b>4,147,863</b>	<b>1,881,272</b>
<b>Business-Type Activities:</b>				
Water	5,908,173	6,577,349	0	72,170
Sewer	7,481,125	8,616,054	0	113,367
Storm Water	2,849,000	3,021,441	0	61,806
<b>Total Business-Type Activities</b>	<b>16,238,298</b>	<b>18,214,844</b>	<b>0</b>	<b>247,343</b>
<b>Totals</b>	<b>\$ 58,630,755</b>	<b>\$ 22,936,769</b>	<b>\$ 4,147,863</b>	<b>\$ 2,128,615</b>

**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 - Restated

Net Position End of Year

See accompanying notes to the basic financial statements

**CITY OF NEWARK, OHIO**

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Net (Expense) Revenue  
and Changes in Net Position

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Governmental Activities	Business-Type Activities	Total
\$ (18,205,323)	\$ 0	\$ (18,205,323)
(757,096)	0	(757,096)
(597,833)	0	(597,833)
108,807	0	108,807
188,419	0	188,419
(11,687,337)	0	(11,687,337)
(691,034)	0	(691,034)
(31,641,397)	0	(31,641,397)
0	741,346	741,346
0	1,248,296	1,248,296
0	234,247	234,247
0	2,223,889	2,223,889
\$ (31,641,397)	\$ 2,223,889	\$ (29,417,508)
2,229,854	0	2,229,854
443,700	0	443,700
851,596	0	851,596
23,055,696	0	23,055,696
416,577	0	416,577
1,552,058	0	1,552,058
399,347	0	399,347
917,461	0	917,461
29,866,289	0	29,866,289
(1,775,108)	2,223,889	448,781
5,309,490	33,180,891	38,490,381
\$ 3,534,382	\$ 35,404,780	\$ 38,939,162

**CITY OF NEWARK, OHIO****Balance Sheet  
Governmental Funds  
December 31, 2018**

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Pooled Cash and Investments	\$ 5,151,865	\$ 9,501,576	\$ 14,653,441
Investments	0	332,899	332,899
Receivables:			
Taxes	5,864,493	1,172,948	7,037,441
Accounts	922,835	50,179	973,014
Intergovernmental	737,781	1,545,937	2,283,718
Interest	283,854	406	284,260
Loans	0	2,463,316	2,463,316
Interfund Loans Receivable	83,634	0	83,634
Inventory of Supplies, at Cost	140,389	377,514	517,903
Prepaid Items	427,483	42,436	469,919
Restricted Assets:			
Cash and Cash Equivalents	0	640,095	640,095
Cash and Cash Equivalents with Fiscal Agent	0	22,449	22,449
Investments	0	627,500	627,500
Investments with Fiscal Agent	0	477,335	477,335
<b>Total Assets</b>	<b>\$ 13,612,334</b>	<b>\$ 17,254,590</b>	<b>\$ 30,866,924</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 129,259	\$ 413,510	\$ 542,769
Accrued Wages and Benefits Payable	1,004,560	111,913	1,116,473
Intergovernmental Payable	88,384	0	88,384
Due to Escrow Agent	0	51,550	51,550
Interfund Loans Payable	0	83,634	83,634
Compensated Absences Payable	32,008	0	32,008
Accrued Interest Payable	0	12,693	12,693
General Obligation Notes Payable	0	1,120,000	1,120,000
<b>Total Liabilities</b>	<b>1,254,211</b>	<b>1,793,300</b>	<b>3,047,511</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable Amounts	3,338,032	1,708,729	5,046,761
Property Tax Levy for Next Fiscal Year	2,272,754	1,156,756	3,429,510
<b>Total Deferred Inflows of Resources</b>	<b>5,610,786</b>	<b>2,865,485</b>	<b>8,476,271</b>
<b>Fund Balance:</b>			
Nonspendable	567,872	419,950	987,822
Restricted	0	12,264,640	12,264,640
Assigned	4,118,113	0	4,118,113
Unassigned	2,061,352	(88,785)	1,972,567
<b>Total Fund Balance</b>	<b>6,747,337</b>	<b>12,595,805</b>	<b>19,343,142</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 13,612,334</b>	<b>\$ 17,254,590</b>	<b>\$ 30,866,924</b>

See accompanying notes to the basic financial statements

***Reconciliation Of Total Governmental Fund Balances  
To Net Position Of Governmental Activities  
December 31, 2018***

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**Total Governmental Fund Balances** \$ 19,343,142

***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. 73,469,985

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. 5,046,761

The net pension/OPEB 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	5,438,251	
Deferred Inflows - Pension	(4,515,984)	
Net Pension Liability	(34,368,304)	
Deferred Outflows - OPEB	2,866,795	
Deferred Inflows - OPEB	(1,884,347)	
Net OPEB Liability	<u>(30,127,032)</u>	(62,590,621)

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. (457,357)

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	(18,832,762)	
Deferred Charge on Debt Refunding	178,138	
ODOT State Infrastructure Bank Loan	(3,229,157)	
Long Term Note Payable	(1,125,000)	
Ohio Public Works Commission Loan	(830,750)	
Capital Leases Payable	(2,088,567)	
Accrued Pension Liability	(1,468,890)	
Compensated Absences Payable	(3,271,323)	
Worker's Compensation Retrospective Liability	(516,953)	
Accrued Interest Payable	<u>(92,264)</u>	<u>(31,277,528)</u>

***Net Position of Governmental Activities*** \$ 3,534,382

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, 2018**

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 25,653,633	\$ 2,122,142	\$ 27,775,775
Intergovernmental Revenues	1,620,612	4,177,033	5,797,645
Charges for Services	2,394,466	4,938	2,399,404
Licenses, Permits and Fees	79,200	0	79,200
Investment Earnings	158,931	2,206	161,137
Fines and Forfeitures	1,747,287	592,915	2,340,202
All Other Revenue	656,987	260,474	917,461
<b>Total Revenues</b>	<b>32,311,116</b>	<b>7,159,708</b>	<b>39,470,824</b>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	17,166,917	1,484,084	18,651,001
Public Health and Welfare Services	0	101,517	101,517
Leisure Time Activities	734,646	0	734,646
Community Environment	386,877	1,120,870	1,507,747
Transportation	8,287	2,793,249	2,801,536
General Government	10,392,601	622,825	11,015,426
Capital Outlay	0	3,907,035	3,907,035
Debt Service:			
Principal Retirement	0	1,450,940	1,450,940
Interest and Fiscal Charges	1,017	730,415	731,432
<b>Total Expenditures</b>	<b>28,690,345</b>	<b>12,210,935</b>	<b>40,901,280</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,620,771	(5,051,227)	(1,430,456)
<b>Other Financing Sources (Uses):</b>			
Sale of Capital Assets	54,766	0	54,766
Other Financing Sources - Capital Leases	0	1,292,500	1,292,500
ODOT SIB Loan Issuance	0	1,084,411	1,084,411
Long Term Note Issuance	0	1,125,000	1,125,000
Transfers In	93,205	3,127,889	3,221,094
Transfers Out	(3,483,453)	(118,335)	(3,601,788)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,335,482)</b>	<b>6,511,465</b>	<b>3,175,983</b>
Net Change in Fund Balance	285,289	1,460,238	1,745,527
<b>Fund Balance at Beginning of Year</b>	<b>6,465,049</b>	<b>11,251,310</b>	<b>17,716,359</b>
Decrease in Inventory	(3,001)	(115,743)	(118,744)
<b>Fund Balance End of Year</b>	<b>\$ 6,747,337</b>	<b>\$ 12,595,805</b>	<b>\$ 19,343,142</b>

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, 2018***

<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>\$ 1,745,527</b>
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Outlay	3,723,459	
Depreciation Expense	<u>(2,891,097)</u>	832,362
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.		1,881,272
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.		(3,918)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(734,747)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	2,971,650	
OPEB	<u>49,038</u>	3,020,688
Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension/OPEB expense in the statement of activities:		
Pension	(4,322,197)	
OPEB	<u>(2,148,685)</u>	(6,470,882)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, however, has no effect on net position.		
ODOT State Infrastructure Bank Loan Issuance	(1,084,411)	
Capital Leases Issued	(1,292,500)	
Long Term Note Issuance	<u>(1,125,000)</u>	(3,501,911)
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.		
Deferred Charge on Debt Refunding Amortization	(14,450)	
Bond Premium Amortization	48,555	
General Obligation Bond Principal Payment	960,000	
OPWC Loan Principal Payment	79,250	
ODOT State Infrastructure Bank Loan Retirement	411,690	
Capital Lease Principal Payment	222,510	
Pension Liability Principal Payment	<u>60,632</u>	1,768,187
		(Continued)



In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 6,293

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated Absences	154,337	
Worker's Compensation Retrospective Liability	(396,866)	
Change in Inventory	<u>(118,744)</u>	(361,273)

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.

43,294

***Change in Net Position of Governmental Activities***

\$ (1,775,108)

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, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 24,134,623	\$ 24,443,091	\$ 25,596,058	\$ 1,152,967
Intergovernmental Revenue	1,581,927	1,589,568	1,640,261	50,693
Charges for Services	2,368,296	2,445,796	2,265,615	(180,181)
Licenses, Permits and Fees	80,035	80,035	79,200	(835)
Investment Earnings	110,209	110,209	67,769	(42,440)
Fines and Forfeitures	1,453,100	1,668,172	1,742,330	74,158
All Other Revenue	79,745	593,384	635,695	42,311
Total Revenues	29,807,935	30,930,255	32,026,928	1,096,673
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	18,482,764	18,223,240	17,697,125	526,115
Leisure Time Activities	710,326	781,666	761,686	19,980
Community Environment	601,630	585,307	413,467	171,840
Transportation	0	3,675	3,598	77
General Government	11,675,185	11,948,900	11,383,058	565,842
Total Expenditures	31,469,905	31,542,788	30,258,934	1,283,854
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,661,970)	(612,533)	1,767,994	2,380,527
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	35,000	49,072	54,766	5,694
Transfers In	1,067,310	1,567,310	1,545,837	(21,473)
Transfers Out	(3,205,919)	(4,460,461)	(4,450,763)	9,698
Advances In	0	53,955	53,955	0
Advances Out	0	(83,634)	(83,634)	0
Total Other Financing Sources (Uses):	(2,103,609)	(2,873,758)	(2,879,839)	(6,081)
Net Change in Fund Balance	(3,765,579)	(3,486,291)	(1,111,845)	2,374,446
Fund Balance at Beginning of Year	4,214,776	4,214,776	4,214,776	0
Prior Year Encumbrances	1,269,740	1,269,740	1,269,740	0
Fund Balance at End of Year	\$ 1,718,937	\$ 1,998,225	\$ 4,372,671	\$ 2,374,446

See accompanying notes to the basic financial statements

**CITY OF NEWARK, OHIO**

**Statement of Net Position  
Proprietary Funds  
December 31, 2018**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Storm Water
<b>Assets:</b>			
Current Assets:			
Pooled Cash and Investments	\$ 3,204,385	\$ 6,991,604	\$ 1,805,293
Receivables:			
Accounts	882,482	882,482	287,320
Inventory of Supplies at Cost	382,307	365,886	84,195
Prepaid Items	61,482	37,288	3,814
Total Current Assets	4,530,656	8,277,260	2,180,622
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	23	13,705	0
Total Restricted Assets	23	13,705	0
Non Depreciable Capital Assets	4,640,703	22,220,836	4,869,745
Depreciable Capital Assets, Net	16,492,948	38,639,836	8,402,133
Total Noncurrent Assets	21,133,674	60,874,377	13,271,878
<b>Total Assets</b>	<b>25,664,330</b>	<b>69,151,637</b>	<b>15,452,500</b>
<b>Deferred Outflows of Resources:</b>			
Deferred Charge on Debt Refunding	0	0	184,703
Pension	542,824	289,778	39,070
OPEB	116,150	62,005	8,360
<b>Total Deferred Outflows of Resources</b>	<b>658,974</b>	<b>351,783</b>	<b>232,133</b>
<b>Liabilities:</b>			
Current Liabilities:			
Accounts Payable	79,283	156,694	10,322
Accrued Wages and Benefits	136,344	70,818	8,533
Intergovernmental Payable	0	0	27,656
Claims Payable	0	0	0
Compensated Absences Payable - Current	196,313	97,669	29,402
Accrued Interest Payable	103,640	331,703	73,364
General Obligation Notes Payable	6,000,000	0	2,000,000
General Obligation Bonds Payable - Current	96,750	53,750	279,500
OWDA Loans Payable - Current	138,590	1,587,714	61,672
OPWC Loans Payable - Current	0	111,175	0
Total Current Liabilities	6,750,920	2,409,523	2,490,449

**CITY OF NEWARK, OHIO**

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	Governmental Activities - Internal Service Funds
Total	
\$ 12,001,282	\$ 152,148
2,052,284	0
832,388	0
102,584	0
14,988,538	152,148
13,728	126,108
13,728	126,108
31,731,284	0
63,534,917	0
95,279,929	126,108
110,268,467	278,256
184,703	0
871,672	0
186,515	0
1,242,890	0
246,299	0
215,695	0
27,656	0
0	669,073
323,384	0
508,707	0
8,000,000	0
430,000	0
1,787,976	0
111,175	0
11,650,892	669,073

(Continued)

**CITY OF NEWARK, OHIO**

**Statement of Net Position  
Proprietary Funds  
December 31, 2018**

	Business-Type Activities Enterprise Funds		
	Water	Sewer	Storm Water
<b>Noncurrent Liabilities:</b>			
Matured Bonds and Interest Payable	23	13,705	0
General Obligation Bonds Payable	1,490,250	861,250	3,413,130
OWDA Loans Payable	2,268,437	41,587,951	3,455,593
OPWC Loans Payable	0	1,006,291	0
State Infrastructure Bank Loans Payable	0	1,707,411	1,068,866
Compensated Absences Payable	126,068	82,357	19,398
Net Pension Liability	2,247,767	1,199,934	161,788
Net OPEB Liability	1,578,345	842,575	113,604
<b>Total Noncurrent Liabilities</b>	<b>7,710,890</b>	<b>47,301,474</b>	<b>8,232,379</b>
<b>Total Liabilities</b>	<b>14,461,810</b>	<b>49,710,997</b>	<b>10,722,828</b>
<b>Deferred Inflows of Resources:</b>			
Pension	629,887	335,470	45,258
OPEB	166,188	88,717	11,962
<b>Total Deferred Inflows of Resources</b>	<b>796,075</b>	<b>424,187</b>	<b>57,220</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	12,601,107	13,945,130	3,480,960
Unrestricted	(1,535,688)	5,423,106	1,423,625
<b>Total Net Position</b>	<b>\$ 11,065,419</b>	<b>\$ 19,368,236</b>	<b>\$ 4,904,585</b>

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***

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	Governmental Activities - Internal Service Funds
Total	
13,728	0
5,764,630	0
47,311,981	0
1,006,291	0
2,776,277	0
227,823	0
3,609,489	0
2,534,524	0
63,244,743	0
74,895,635	669,073
1,010,615	0
266,867	0
1,277,482	0
30,027,197	0
5,311,043	(390,817)
\$ 35,338,240	\$ (390,817)
66,540	
\$ 35,404,780	

**CITY OF NEWARK, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2018**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Storm Water
<b>Operating Revenues:</b>			
Charges for Services	\$ 6,474,917	\$ 8,241,303	\$ 2,986,785
Other Operating Revenues	102,432	374,751	34,656
<b>Total Operating Revenues</b>	<b>6,577,349</b>	<b>8,616,054</b>	<b>3,021,441</b>
<b>Operating Expenses:</b>			
Personal Services	2,328,910	1,531,134	284,730
Contractual Services	1,372,067	3,325,713	1,871,169
Materials and Supplies	971,901	204,883	126,613
Depreciation	814,224	1,342,988	213,741
<b>Total Operating Expenses</b>	<b>5,487,102</b>	<b>6,404,718</b>	<b>2,496,253</b>
<b>Operating Income (Loss)</b>	<b>1,090,247</b>	<b>2,211,336</b>	<b>525,188</b>
<b>Non-Operating Revenues (Expenses):</b>			
Interest and Fiscal Charges	(397,720)	(1,063,560)	(263,999)
Other Nonoperating Expense	(23,351)	(12,847)	(6,370)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(421,071)</b>	<b>(1,076,407)</b>	<b>(270,369)</b>
<b>Income (Loss) Before Transfers and Contributions</b>	<b>669,176</b>	<b>1,134,929</b>	<b>254,819</b>
<b>Transfers and Contributions:</b>			
Transfers In	0	118,658	0
Transfers Out	(19,882)	0	(98,776)
Capital Contributions	72,170	113,367	61,806
<b>Total Transfers and Contributions</b>	<b>52,288</b>	<b>232,025</b>	<b>(36,970)</b>
<b>Change in Net Position</b>	<b>721,464</b>	<b>1,366,954</b>	<b>217,849</b>
Net Position Beginning of Year - Restated	10,343,955	18,001,282	4,686,736
<b>Net Position End of Year</b>	<b>\$ 11,065,419</b>	<b>\$ 19,368,236</b>	<b>\$ 4,904,585</b>

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**

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<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 17,703,005	\$ 6,938,949
511,839	0
<u>18,214,844</u>	<u>6,938,949</u>
4,144,774	7,358,727
6,568,949	0
1,303,397	0
2,370,953	0
<u>14,388,073</u>	<u>7,358,727</u>
3,826,771	(419,778)
(1,725,279)	0
(42,568)	0
<u>(1,767,847)</u>	<u>0</u>
2,058,924	(419,778)
118,658	380,694
(118,658)	0
247,343	0
<u>247,343</u>	<u>380,694</u>
2,306,267	(39,084)
33,031,973	(351,733)
<u>\$ 35,338,240</u>	<u>\$ (390,817)</u>
\$ 2,306,267	
(82,378)	
<u>\$ 2,223,889</u>	

**CITY OF NEWARK, OHIO**

**Statement of Cash Flows**

**Proprietary Funds**

**For the Year Ended December 31, 2018**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Storm Water
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$6,655,506	\$8,694,211	\$3,046,887
Cash Received for Interfund Services	0	0	0
Cash Payments for Goods and Services	(2,475,927)	(3,593,646)	(2,010,123)
Cash Payments to Employees	(2,254,802)	(1,421,116)	(246,119)
Net Cash Provided (Used) by Operating Activities	1,924,777	3,679,449	790,645
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	0	118,658	0
Transfers Out to Other Funds	(19,882)	0	(98,776)
Net Cash Provided (Used) by Noncapital Financing Activities	(19,882)	118,658	(98,776)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(1,467,202)	(5,470,431)	(804,391)
Capital Grants	0	0	16,402
General Obligation Notes Issued	6,000,000	0	2,000,000
General Obligation Note Retirement	(6,000,000)	0	(2,000,000)
Principal Paid on General Obligation Bonds	(611,484)	(52,500)	(133,000)
State Infrastructure Bank Loans Issued	0	332,083	207,889
Ohio Water Development Authority Loans Issued	0	4,184,057	430,402
Principal Paid on State Infrastructure Bank Loans	0	(66,303)	(41,507)
Principal Paid on Ohio Water Development Authority Loans	(133,622)	(2,251,035)	(299,673)
Principal Paid on Ohio Public Works Commission Loans	0	(111,175)	0
Interest Paid on All Debt	(1,232,657)	(1,083,925)	(245,108)
Net Cash Used by			
Capital and Related Financing Activities	(3,444,965)	(4,519,229)	(868,986)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,540,070)	(721,122)	(177,117)
Cash and Cash Equivalents at Beginning of Year	4,744,478	7,726,431	1,982,410
Cash and Cash Equivalents at End of Year	<u>\$3,204,408</u>	<u>\$7,005,309</u>	<u>\$1,805,293</u>
<u>Reconciliation of Cash and</u>			
<u>Cash Equivalents per the Statement of Net Position:</u>			
Cash and Cash Equivalents	\$3,204,385	\$6,991,604	\$1,805,293
Restricted Cash with Fiscal Agent	23	13,705	0
Cash and Cash Equivalents at End of Year	<u>\$3,204,408</u>	<u>\$7,005,309</u>	<u>\$1,805,293</u>

**CITY OF NEWARK, OHIO**

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	Governmental- Activities
<u>Total</u>	<u>Internal Service</u>
\$18,396,604	\$0
0	6,938,949
(8,079,696)	0
<u>(3,922,037)</u>	<u>(7,304,850)</u>
<u>6,394,871</u>	<u>(365,901)</u>
118,658	380,694
<u>(118,658)</u>	<u>0</u>
<u>0</u>	<u>380,694</u>
(7,742,024)	0
16,402	0
8,000,000	0
(8,000,000)	0
(796,984)	0
539,972	0
4,614,459	0
(107,810)	0
(2,684,330)	0
(111,175)	0
<u>(2,561,690)</u>	<u>0</u>
<u>(8,833,180)</u>	<u>0</u>
(2,438,309)	14,793
<u>14,453,319</u>	<u>263,463</u>
<u>\$12,015,010</u>	<u>\$278,256</u>
\$12,001,282	\$152,148
<u>13,728</u>	<u>126,108</u>
<u>\$12,015,010</u>	<u>\$278,256</u>

(Continued)

**CITY OF NEWARK, OHIO****Statement of Cash Flows****Proprietary Funds****For the Year Ended December 31, 2018**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Storm Water
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$1,090,247	\$2,211,336	\$525,188
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	814,224	1,342,988	213,741
Nonoperating Expense	(23,351)	(10,867)	(6,370)
Changes in Assets, Liabilities, and Deferred Outflows/Inflows:			
Decrease in Accounts Receivable	78,157	78,157	25,446
Increase in Inventory	(21,600)	(139,441)	(37,514)
Increase in Prepaid Items	(49,495)	(25,428)	(3,625)
Decrease in Deferred Outflows of Resources	734,762	337,566	47,439
Increase (Decrease) in Accounts Payable	(86,812)	87,453	3,890
Increase in Intergovernmental Payable	0	0	27,656
Increase (Decrease) in Accrued Wages and Benefits	9,225	4,925	(9)
Increase in Claims Payable	0	0	0
Increase (Decrease) in Compensated Absences	(27,866)	(34,158)	23,079
Decrease in Net Pension Liability	(1,356,893)	(582,950)	(83,575)
Increase in Net OPEB Liability	38,452	20,528	2,767
Increase in Deferred Inflows of Resources	725,727	389,340	52,532
Total Adjustments	834,530	1,468,113	265,457
Net Cash Provided (Used) by Operating Activities	<u>\$1,924,777</u>	<u>\$3,679,449</u>	<u>\$790,645</u>

Schedule of Noncash Investing, Capital and Financing Activities:

During 2018 the Water Fund, Sewer Fund, and Storm Water Fund received noncash capital contributions of \$72,170, \$113,367, and \$61,806, respectively.

See accompanying notes to the basic financial statements

***CITY OF NEWARK, OHIO***

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	Governmental- Activities
<u>Total</u>	<u>Internal Service</u>
\$3,826,771	(\$419,778)
2,370,953	0
(40,588)	0
181,760	0
(198,555)	0
(78,548)	0
1,119,767	0
4,531	0
27,656	0
14,141	0
0	53,877
(38,945)	0
(2,023,418)	0
61,747	0
1,167,599	0
<u>2,568,100</u>	<u>53,877</u>
<u>\$6,394,871</u>	<u>(\$365,901)</u>

***CITY OF NEWARK, OHIO***

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***Statement of Assets and Liabilities  
Fiduciary Funds  
December 31, 2018***

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	<u>Agency Funds</u>
<b>Assets:</b>	
Receivables:	
Taxes	\$ 12,389
Restricted Assets:	
Cash and Cash Equivalents	<u>2,268,450</u>
<b>Total Assets</b>	<u>2,280,839</u>
<b>Liabilities:</b>	
Intergovernmental Payable	2,122,536
Due to Others	<u>158,303</u>
<b>Total Liabilities</b>	<u>\$ 2,280,839</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018***

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**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, 2018 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, 2018***

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**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, 2018***

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**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, 2018***

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**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, 2018***

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**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, 2018 but are not intended to finance 2018 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, 2018***

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**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 2018.

**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, 2018***

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**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, 2018**

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**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
	<u>General Fund</u>
GAAP Basis (as reported)	\$285,289
Increase (Decrease):	
Accrued Revenues at December 31, 2018 received during 2019	(2,363,064)
Accrued Revenues at December 31, 2017 received during 2018	2,049,197
Accrued Expenditures at December 31, 2018 paid during 2019	1,254,211
Accrued Expenditures at December 31, 2017 paid during 2018	(1,265,286)
2017 Prepaids for 2018	53,232
2018 Prepaids for 2019	(427,483)
Outstanding Encumbrances	<u>(697,941)</u>
Budget Basis	<u>(\$1,111,845)</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, 2018***

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**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 2018, 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 \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 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, 2018, 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, 2018***

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**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:

Description	Governmental and Business-Type Activities
	Estimated Lives (in years)
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, 2018**

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**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
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, Permissive License Tax Fund, Sewer Fund, Storm Water Fund
Long Term Notes	Debt Service 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, 2018***

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**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, 2018***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. Pension/OPEB**

The provision for pension/OPEB cost is recorded when the related payroll is accrued and the obligation is incurred. For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB 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/OPEB 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, 2018***

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**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 2018.

**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/OPEB 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/OPEB amounts on the government-wide and proprietary funds statement of net position. See Notes 10 and 11.

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, 2018***

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**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/OPEB are reported on the government-wide and proprietary funds statement of net position. See Notes 10 and 11.

**NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION**

For 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” Statement No. 85, “Omnibus 2017,” and Statement No. 86, “Certain Debt Extinguishment Issues.”

GASB Statement No. 75 addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to OPEB.

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

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**CITY OF NEWARK, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018**

**NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION (Continued)**

The implementation of GASB 75 had the following effect on net position as reported December 31, 2017:

	Governmental Activities	Business-type Activities	Water Fund	Sewer Fund
Net position December 31, 2017	\$32,354,427	\$35,622,382	\$11,863,827	\$18,813,427
Adjustments:				
Net OPEB Liability	(27,153,431)	(2,472,777)	(1,539,893)	(822,047)
Deferred Outflow - Payments Subsequent to the Measurement Date	108,494	31,286	20,021	9,902
Restated Net Position December 31, 2017	<u>\$5,309,490</u>	<u>\$33,180,891</u>	<u>\$10,343,955</u>	<u>\$18,001,282</u>
	Storm Water Fund			
Net position December 31, 2017	\$4,796,210			
Adjustments:				
Net OPEB Liability	(110,837)			
Deferred Outflow - Payments Subsequent to the Measurement Date	1,363			
Restated Net Position December 31, 2017	<u>\$4,686,736</u>			

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

In addition to the changes noted above, the City restated beginning of year balances for construction in progress and Ohio Department of Transportation State Infrastructure Bank Loans. This restatement had no impact on beginning of year net position. The following table shows the changes in prior year balances reported:

	Governmental Activities	Business-type Activities	Sewer Fund	Storm Water Fund
Increase in Construction in Progress Reported at 12/31/2017	\$2,078,743	\$2,344,115	\$1,441,631	\$902,484
Increase in ODOT SIB Loans Reported at 12/31/2017	2,078,743	2,344,115	1,441,631	902,484
Effect on Net Position December 31, 2017	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018**

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**NOTE 3 - COMPLIANCE AND ACCOUNTABILITY**

**Deficit Fund Equities** –The fund deficits at December 31, 2018 of \$53,230 in the Safety Grants Fund, \$25,706 in the ODNR Grants Fund, and \$4,000 in the Brownfield Cleanup Fund (special revenue funds) 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	\$140,389	\$377,514	\$517,903
Prepaid Items	427,483	42,436	469,919
Total Nonspendable	567,872	419,950	987,822
Restricted:			
Community Development	0	2,999,881	2,999,881
Capital Acquisition and Improvement	0	1,726,572	1,726,572
Cemetery Maintenance	0	1,158,330	1,158,330
Memorial Sidewalk Program	0	75,688	75,688
Street Maintenance	0	1,504,731	1,504,731
Adult Probation Program	0	91,292	91,292
FTA Taxi Token Program	0	359	359
Court Improvements	0	2,510,172	2,510,172
Law Enforcement	0	510,877	510,877
Pollution Remediation	0	4,724	4,724
Debt Retirement	0	1,682,014	1,682,014
Total Restricted	0	12,264,640	12,264,640
Assigned:			
Budget Resource	3,423,289	0	3,423,289
Supplies and Services	480,294	0	480,294
Compensated Absences	214,530	0	214,530
Total Assigned	4,118,113	0	4,118,113
Unassigned (Deficits):	2,061,352	(88,785)	1,972,567
Total Fund Balances	\$6,747,337	\$12,595,805	\$19,343,142

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018***

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**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, 2018***

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**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 \$24,446,390 and the bank balance was \$25,224,717. Federal depository insurance covered \$18,887,544 of the bank balance and \$6,337,173 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, 2018***

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

##### **B. Investments**

The City's investments at December 31, 2018 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 <sup>4</sup>	\$1,812,931	AAA <sup>1</sup>	NA	26.39%	\$1,812,931	\$0	\$0
Government Agency MM <sup>4</sup>	35,526	AA <sup>1</sup>	NA	0.52%	35,526	0	0
Corporate Equities*	215,676	N/A	Level 2	3.14%	215,676	0	0
Mutual Funds <sup>4</sup>	261,659	Aaa-Baa <sup>2</sup>	NA	3.81%	261,659	0	0
Negotiable CD's	2,020,975	AAA <sup>3</sup>	Level 2	29.42%	1,040,784	735,583	244,608
FHLB	793,860	AA <sup>1</sup>	Level 2	11.56%	0	793,860	0
FHLMC	1,728,418	AA <sup>1</sup>	Level 2	25.16%	0	1,231,438	496,980
Total Investments	<u>\$6,869,045</u>			<u>100.00%</u>	<u>\$3,366,576</u>	<u>\$2,760,881</u>	<u>\$741,588</u>

\* Corporate Equities do not have a maturity

<sup>1</sup> Standard & Poor's

<sup>2</sup> Moody's Investor Service

<sup>3</sup> All are fully FDIC insured and therefore have an implied AAA credit rating

<sup>4</sup> 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.

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. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Level 2 inputs are significant other observable inputs. Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018***

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**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 2018 were levied after October 1, 2017 on assessed values as of January 1, 2017, 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, 2018 was \$3.70 per \$1,000 of assessed value. The assessed value upon which the 2018 levy was based was \$845,262,340. This amount constitutes \$812,298,820 in real property assessed value and \$32,963,520 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, 2018**

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**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2018 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 2018:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$93,205	\$3,483,453
Other Governmental Funds	3,127,889	118,335
Total Governmental Funds	<u>3,221,094</u>	<u>3,601,788</u>
Proprietary Funds:		
Water Fund	0	19,882
Sewer Fund	118,658	0
Storm Water Fund	0	98,776
Total Enterprise Funds	<u>118,658</u>	<u>118,658</u>
Internal Service Fund	380,694	0
Total Proprietary Funds	<u>499,352</u>	<u>118,658</u>
Total Transfers	<u>\$3,720,446</u>	<u>\$3,720,446</u>

Transfers for the year ended December 31, 2018 included \$1,459,749 transferred from the General Fund to Capital Improvement Fund which were EMS receipts dedicated to capital improvements as well as the General Funds share of capital projects. \$1,567,551 was transferred from the General Fund to the Debt Service Funds for debt payments. Transfers from Other Governmental funds of \$118,335 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 2018:

<u>Fund</u>	<u>Interfund Loans Receivable</u>	<u>Interfund Loans Payable</u>
General Fund	\$83,634	\$0
Other Governmental Funds	0	83,634
Totals	<u>\$83,634</u>	<u>\$83,634</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, 2018**

**NOTE 9 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2018:

<i>Historical Cost:</i>	Restated December 31, 2017	Additions	Deletions	December 31, 2018
Class				
<b><i>Capital assets not being depreciated:</i></b>				
Land	\$20,059,826	\$59,945	\$0	\$20,119,771
Construction in Progress	4,260,592	3,619,398	(3,122,613)	4,757,377
Sub-Total	24,320,418	3,679,343	(3,122,613)	24,877,148
<b><i>Capital assets being depreciated:</i></b>				
Buildings	22,529,644	0	0	22,529,644
Improvements Other than Buildings	4,355,193	0	0	4,355,193
Infrastructure	71,915,219	3,766,429	(51,081)	75,630,567
Machinery and Equipment	11,087,436	1,281,572	0	12,369,008
Total Cost	<u>\$134,207,910</u>	<u>\$8,727,344</u>	<u>(\$3,173,694)</u>	<u>\$139,761,560</u>
<b><i>Accumulated Depreciation:</i></b>				
Class	December 31, 2017	Additions	Deletions	December 31, 2018
Buildings	(\$8,196,422)	(\$466,770)	\$0	(\$8,663,192)
Improvements Other than Buildings	(3,721,620)	(88,658)	0	(3,810,278)
Infrastructure	(42,423,339)	(1,934,278)	47,163	(44,310,454)
Machinery and Equipment	(9,106,260)	(401,391)	0	(9,507,651)
Total Depreciation	<u>(\$63,447,641)</u>	<u>(\$2,891,097) *</u>	<u>\$47,163</u>	<u>(\$66,291,575)</u>
<b><i>Net Value:</i></b>	<u>\$70,760,269</u>			<u>\$73,469,985</u>

\* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$643,313
Leisure Time Activities	45,891
Community Environment	36,959
Transportation	2,007,202
General Government	<u>157,732</u>
Total Depreciation Expense	<u>\$2,891,097</u>

**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

**NOTE 9 - CAPITAL ASSETS (Continued)**

**B. Business-Type Activities Capital Assets**

Summary by Category at December 31, 2018:

<b>Historical Cost:</b>	Restated December 31,			December 31,
Class	2017	Additions	Deletions	2018
<b>Capital assets not being depreciated:</b>				
Land	\$161,800	\$0	\$0	\$161,800
Construction in Progress	24,769,448	7,629,176	(829,140)	31,569,484
Sub-Total	24,931,248	7,629,176	(829,140)	31,731,284
<b>Capital assets being depreciated:</b>				
Buildings and Improvements	58,180,134	0	0	58,180,134
Infrastructure	32,871,100	829,140	0	33,700,240
Machinery and Equipment	30,851,576	211,253	0	31,062,829
Total Cost	<u>\$146,834,058</u>	<u>\$8,669,569</u>	<u>(\$829,140)</u>	<u>\$154,674,487</u>
<b>Accumulated Depreciation:</b>				
Class	December 31, 2017	Additions	Deletions	December 31, 2018
Buildings and Improvements	(\$21,703,208)	(\$1,573,740)	\$0	(\$23,276,948)
Infrastructure	(5,592,867)	(522,536)	0	(6,115,403)
Machinery and Equipment	(29,741,258)	(274,677)	0	(30,015,935)
Total Depreciation	<u>(\$57,037,333)</u>	<u>(\$2,370,953)</u>	<u>\$0</u>	<u>(\$59,408,286)</u>
<b>Net Value:</b>	<u>\$89,796,725</u>			<u>\$95,266,201</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018***

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**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, 2018**

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**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):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 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, 2018***

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**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>
<b>2018 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
<b>2018 Actual Contribution Rates</b>	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0</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 \$1,312,745 for 2018. Of this amount, \$185,283 is reported as an intergovernmental payable.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018***

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**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](http://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, 2018**

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**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>
<b>2018 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2018 through December 31, 2018	12.25 %	12.25 %
<b>2018 Actual Contribution Rates</b>		
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, 2018 through December 31, 2018	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$2,095,532 for 2018. Of this amount, \$254,052 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, 2017, 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, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. 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&amp;F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$10,852,146	\$27,125,647	\$37,977,793
Proportion of the Net Pension Liability-2018	0.069175%	0.441969%	
Proportion of the Net Pension Liability-2017	<u>0.073004%</u>	<u>0.467510%</u>	
Percentage Change	<u>(0.003829%)</u>	<u>(0.025541%)</u>	
Pension Expense	\$1,998,612	\$2,912,522	\$4,911,134

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018****NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Changes in assumptions	\$1,296,906	\$1,182,008	\$2,478,914
Differences between expected and actual experience	11,082	411,650	422,732
City contributions subsequent to the measurement date	<u>1,312,745</u>	<u>2,095,532</u>	<u>3,408,277</u>
Total Deferred Outflows of Resources	<u>\$2,620,733</u>	<u>\$3,689,190</u>	<u>\$6,309,923</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$2,329,813	\$938,339	\$3,268,152
Differences between expected and actual experience	213,860	49,070	262,930
Change in proportionate share	<u>492,825</u>	<u>1,502,692</u>	<u>1,995,517</u>
Total Deferred Inflows of Resources	<u>\$3,036,498</u>	<u>\$2,490,101</u>	<u>\$5,526,599</u>

\$3,408,277 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
2019	\$681,606	\$362,227	\$1,043,833
2020	(426,836)	115,526	(311,310)
2021	(1,025,925)	(856,367)	(1,882,292)
2022	(957,355)	(602,739)	(1,560,094)
2023	0	68,508	68,508
2024	<u>0</u>	<u>16,402</u>	<u>16,402</u>
Total	<u>(\$1,728,510)</u>	<u>(\$896,443)</u>	<u>(\$2,624,953)</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, 2018***

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**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, 2017 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 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. 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 was 16.82% for 2017.

**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

**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 2017 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 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
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	\$19,270,652	\$10,852,146	\$3,833,655

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018**

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)****Actuarial Assumptions – OPF**

OPF's total pension liability as of December 31, 2017 is based on the results of an actuarial valuation date of January 1, 2017, 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, 2017, are presented below:

Valuation Date	January 1, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Increases	3.25 percent
Inflation Assumptions	2.75 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent for increases based on the lesser of the increase in CPI and 3%.

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%. Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

	Age	Police	Fire
<b>Healthy Mortality</b>			
	67 or less	77%	68%
	68-77	105%	87%
	78 and up	115%	120%
<b>Disabled Mortality</b>			
	59 or less	35%	35%
	60-69	60%	45%
	70-79	75%	70%
	80 and up	100%	90%

The most recent experience study was completed for the five year period ended December 31, 2016.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018**

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

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.

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, 2017 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
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	<u>120.00 %</u>	

\* 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 8.00 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 8.00 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.



**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018**

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

***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 8.00 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 (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$37,603,258	\$27,125,647	\$18,580,195

**NOTE 11 - DEFINED BENEFIT OPEB PLANS*****Net OPEB Liability***

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the City's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB 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 these estimates 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 OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018***

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - The Ohio Public Employees Retirement System (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 postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty 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 meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018***

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS (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 percent 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 percent 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 into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2018.

***Plan Description – Ohio Police & Fire Pension Fund (OP&F)***

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. 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 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent 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, 2018**

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

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 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also 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 contractually required contribution to OP&F was \$49,038 for 2018. Of this amount, \$5,934 is reported as an intergovernmental payable.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$7,620,198	\$25,041,358	\$32,661,556
Proportion of the Net OPEB Liability-2018	0.070172%	0.441969%	
Proportion of the Net OPEB Liability-2017	<u>0.073607%</u>	<u>0.467510%</u>	
Percentage Change	<u>(0.003435%)</u>	<u>(0.025541%)</u>	
OPEB Expense	\$519,305	\$1,802,765	\$2,322,070

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018**

**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
<b>Deferred Outflows of Resources</b>			
Changes in assumptions	\$554,832	\$2,443,504	\$2,998,336
Differences between expected and actual experience	5,936	0	5,936
City contributions subsequent to the measurement date	0	49,038	49,038
Total Deferred Outflows of Resources	<u>\$560,768</u>	<u>\$2,492,542</u>	<u>\$3,053,310</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$567,654	\$164,833	\$732,487
Differences between expected and actual experience	0	126,298	126,298
Change in proportionate share	234,699	1,057,730	1,292,429
Total Deferred Inflows of Resources	<u>\$802,353</u>	<u>\$1,348,861</u>	<u>\$2,151,214</u>

\$49,038 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2019	\$13,980	\$142,926	\$156,906
2020	13,980	142,926	156,906
2021	(127,630)	142,926	15,296
2022	(141,915)	142,924	1,009
2023	0	184,134	184,134
2024	0	184,134	184,134
2025	0	154,673	154,673
Total	<u>(\$241,585)</u>	<u>\$1,094,643</u>	<u>\$853,058</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018***

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

***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.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

The long-term expected rate of return on health care 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.

**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. 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 Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 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	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

**Discount Rate** A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018**

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	\$10,123,762	\$7,620,198	\$5,594,840

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$7,290,905	\$7,620,198	\$7,960,349

**Actuarial Assumptions – OP&F**

OP&F's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, 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.



**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018**

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**NOTE 11 - DEFINED BENEFIT OPEB 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 and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016. The prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB 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 expected. 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. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	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 Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	120.00 %	

Note: Assumptions are geometric.

\* levered 2x

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018***

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F'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 the 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 OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*** Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	\$31,301,997	\$25,041,358	\$20,224,068

**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2018**

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate** Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

Year	Non-Medicare	Non-AARP	AARP	Rx Drug	Medicare Part B
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	1% Decrease	Current Rates	1% Increase
City's proportionate share of the net OPEB liability	\$19,452,576	\$25,041,358	\$32,573,141

**Changes between Measurement Date and Report Date**

In March 2018, the OP&F Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City's NOL is not known.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018**

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**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, 2018	Issued	(Retired)	Balance December 31, 2018
Capital Projects Fund Notes Payable:				
2.250% Various Street Improvements	\$1,120,000	\$0	(\$1,120,000)	\$0
2.500% Fire Engine Repair	91,000	0	(91,000)	0
3.000% Various Street Improvements	0	1,120,000	0	1,120,000
Total Capital Projects Fund Notes Payable	1,211,000	1,120,000	(1,211,000)	1,120,000
Enterprise Fund Notes Payable:				
2.050% Downtown Waterline	5,000,000	0	(5,000,000)	0
3.500% Downtown Waterline and Water Plant	0	5,000,000	0	5,000,000
2.250% Tamarack Waterline	1,000,000	0	(1,000,000)	0
4.250% Tamarack Waterline	0	1,000,000	0	1,000,000
2.250% Buckeye Corridor Storm Water	2,000,000	0	(2,000,000)	0
4.250% Buckeye Corridor Storm Water	0	2,000,000	0	2,000,000
Total Enterprise Fund Notes Payable	8,000,000	8,000,000	(8,000,000)	8,000,000
Total Notes Payable	\$9,211,000	\$9,120,000	(\$9,211,000)	\$9,120,000

# **CITY OF NEWARK, OHIO**

## **Notes to the Basic Financial Statements For the Year Ended December 31, 2018**

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

Long-term debt and other long-term obligations of the City at December 31, 2018 were as follows:

			Restated Balance December 31, 2017	Additions	Deductions	Balance December 31, 2018	Amount Due Within One Year
<b>Governmental Activities:</b>							
General Obligation Bonds:							
East Main Street							
Improvement Refunding (TIF)	1.5%-3.00%	2028	\$1,575,000	\$0	(\$125,000)	\$1,450,000	\$130,000
East Main Street Bridge	4.50%	2021	400,000	0	(100,000)	300,000	100,000
Police and Fire Facilities Refunding	2.0%-4.00%	2031	7,930,000	0	(250,000)	7,680,000	500,000
Downtown Fire Station	2.0%-4.00%	2036	5,050,000	0	(210,000)	4,840,000	215,000
Various Purpose Refunding	2.0%-4.00%	2031	980,000	0	(110,000)	870,000	115,000
Deo Drive Improvement (TIF)	3.75%-4.38%	2027	640,000	0	(65,000)	575,000	65,000
Landfill Reclamation	1.90%-5.00%	2031	50,000	0	(50,000)	0	0
Landfill Reclamation Refunding	2.0%-4.00%	2031	915,000	0	(5,000)	910,000	60,000
Various Purpose	2.0%-3.25%	2037	1,550,000	0	(45,000)	1,505,000	60,000
			19,090,000	0	(960,000)	18,130,000	1,245,000
Bond Premium			751,317	0	(48,555)	702,762	0
Total General Obligation Bonds			19,841,317	0	(1,008,555)	18,832,762	1,245,000
ODOT State Infrastructure Bank Loans:							
Waterworks Road Improvements	3.00%	2019	477,693	0	(316,085)	161,608	161,608
Newark-Mount Vernon Road	3.00%	2035	2,078,743	478,844	(95,605)	2,461,982	0
Ohio and Manning Street Bridges and Bike Trail	3.00%	2028	0	605,567	0	605,567	0
Total ODOT State Infrastructure Bank Loans			2,556,436	1,084,411	(411,690)	3,229,157	161,608
Ohio Public Works							
Commission Loans (OPWC):							
West Church Street Bridge	0.00%	2034	525,000	0	(30,000)	495,000	30,000
West Main Street Improvements	0.00%	2022	200,000	0	(40,000)	160,000	40,000
Sharon Valley Road/Evans Boulevard	0.00%	2028	185,000	0	(9,250)	175,750	18,500
Total OPWC Loans			910,000	0	(79,250)	830,750	88,500
Long Term Note Payable:							
Church Street Area Improvements	3.00%	2019	0	1,125,000	0	1,125,000	0
Capital Leases			1,018,577	1,292,500	(222,510)	2,088,567	423,785
Net Pension Liability:							
Ohio Public Employees Retirement System			10,945,136	0	(3,702,479)	7,242,657	0
Ohio Police and Fire Pension Fund			29,611,621	0	(2,485,974)	27,125,647	0
Total Net Pension Liability			40,556,757	0	(6,188,453)	34,368,304	0
Net OPEB Liability:							
Ohio Public Employees Retirement System			4,961,777	123,897	0	5,085,674	0
Ohio Police and Fire Pension Fund			22,191,654	2,849,704	0	25,041,358	0
Total Net OPEB Liability			27,153,431	2,973,601	0	30,127,032	0
Worker's Compensation Retrospective Liability			120,087	516,953	(120,087)	516,953	48,082
Accrued Pension Liability			1,529,522	0	(60,632)	1,468,890	63,238
Compensated Absences Payable			3,445,735	1,280,477	(1,422,881)	3,303,331	1,499,112
Total Governmental Activities			\$97,131,862	\$8,272,942	(\$9,514,058)	\$95,890,746	\$3,529,325

# CITY OF NEWARK, OHIO

## Notes to the Basic Financial Statements For the Year Ended December 31, 2018

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

			Restated Balance December 31, 2017	Additions	Deductions	Balance December 31, 2018	Amount Due Within One Year
<b>Business-Type Activities:</b>							
General Obligation Bonds:							
Water System Improvement Refunding	3.75%-4.50%	2018	\$516,984	\$0	(\$516,984)	\$0	\$0
Interest Accretion			902,068	75,946	(978,014)	0	0
			1,419,052	75,946	(1,494,998)	0	0
Storm Water Improvement	2.50%-5.50%	2034	110,000	0	(55,000)	55,000	55,000
Storm Water Improvement	1.70%-5.25%	2030	65,000	0	0	65,000	65,000
Storm Water Improvement Refunding	2.00%-4.00%	2034	2,470,000	0	(15,000)	2,455,000	95,000
Various Purpose	1.00%-3.00%	2032	3,720,000	0	(210,000)	3,510,000	215,000
			7,784,052	75,946	(1,774,998)	6,085,000	430,000
Bond Premium			118,063	0	(8,433)	109,630	0
Total General Obligation Bonds			7,902,115	75,946	(1,783,431)	6,194,630	430,000
Ohio Water Development							
Authority Loans (OWDA):							
Licking River Interceptor Construction	3.25%	2026	1,392,717	0	(135,554)	1,257,163	139,995
Stormwater Utility Planning	3.36%	2028	362,791	0	(59,651)	303,140	61,672
Wastewater Electrical Improvements	0.61%	2027	1,467,327	0	(142,744)	1,324,583	143,616
Wastewater High Rate Treatment System	4.67%	2031	11,234,875	0	(636,084)	10,598,791	662,692
CSO Sewer Separation	3.36%	2028	704,916	0	(22,063)	682,853	22,810
Water Plant Generator	3.53%	2030	776,027	0	(47,977)	728,050	49,686
CSO Sewer Separation	3.25%	2031	1,558,738	0	(89,532)	1,469,206	92,465
Automated Meter Reading	3.53%	2031	1,764,623	0	(85,645)	1,678,978	88,904
CSO Sewer Separation 1030	2.45%	2033	2,019,378	0	(108,555)	1,910,823	111,231
Raccoon Creek Interceptor	2.64%	2033	6,142,313	0	(313,051)	5,829,262	321,370
Aeration System Modifications	2.48%	2034	1,835,235	0	(91,258)	1,743,977	93,535
Downtown Sewer Separation	2.01%	2037	14,887,143	1,772,332	(712,194)	15,947,281	0
Alternative Storm Water	1.00%	2032	3,023,745	430,402	(240,022)	3,214,125	0
Anaerobic Digester Improvements	2.01%	2044	0	2,411,725	0	2,411,725	0
Total OWDA Loans			47,169,828	4,614,459	(2,684,330)	49,099,957	1,787,976
Ohio Public Works							
Commission Loans (OPWC):							
Licking River Interceptor Construction	0.00%	2026	270,110	0	(28,433)	241,677	28,433
Sewer Improvements	0.00%	2022	21,587	0	(4,318)	17,269	4,318
Idlewild Park Sewer Phase I	0.00%	2022	19,556	0	(3,259)	16,297	3,259
Idlewild Park Sewer Phase II	0.00%	2024	251,714	0	(33,561)	218,153	33,561
Channel Street/Postal Avenue Sewer	0.00%	2033	665,674	0	(41,604)	624,070	41,604
Total OPWC Loans			1,228,641	0	(111,175)	1,117,466	111,175
ODOT State Infrastructure Bank Loan:							
Newark-Mount Vernon Road	3.00%		2,344,115	539,972	(107,810)	2,776,277	0
Net Pension Liability:							
Ohio Public Employees Retirement System			5,632,907	0	(2,023,418)	3,609,489	0
Net OPEB Liability:							
Ohio Public Employees Retirement System			2,472,777	61,747	0	2,534,524	0
Compensated Absences			590,152	295,044	(333,989)	551,207	323,384
Total Business-Type Activities			\$67,340,535	\$5,587,168	(\$7,044,153)	\$65,883,550	\$2,652,535

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018***

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**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, 2018 was \$2,056,874 in principal and interest payments through the year 2035. Only the principal amount of \$1,468,890 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.

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 City reports Ohio Department of Transportation State Infrastructure Bank Loans for improvements to Waterworks Road, Newark-Mount Vernon Road, Ohio and Manning Street Bridges, and bike trails. These loans carry an interest rate of 3%.

In 2018, the City issued a \$1,125,000 long-term note for improvements in the Church Street area. The note carries an interest rate of 3%.

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.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018***

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

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.

In 2016 the City obtained financing through the Ohio Department of Transportation for a State Infrastructure Bank Loan in the amount of \$6,630,000 for water, sewer, storm water, and street improvements in the Mount Vernon Road area. As of December 31, 2018 the City has received \$5,441,674.

In 2018 the City obtained financing through the Ohio Department of Transportation for a State Infrastructure Bank Loan in the amount of \$2,717,728 for replacement of the Ohio Street and Manning Street bridges, as well as bike path installation on Ohio Street. As of December 31, 2018 the City has received \$605,567.

**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, 2018***

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**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, 2018***

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**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, 2018, the City had received \$15,947,281 from OWDA. Subsequent amounts will be received in future years. As of December 31, 2018, 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, 2018, the City had received \$3,573,263 from OWDA. Subsequent amounts will be received in future years. As of December 31, 2018, the loan has not been finalized and there is no amortization schedule for the loan.

*Anaerobic Digester Improvements* - In 2018 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 anaerobic digester improvements. 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, 2018, the City had received \$2,411,725 from OWDA. Subsequent amounts will be received in future years. As of December 31, 2018, 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, 2018**

**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, 2018 follows:

<b>Governmental Activities</b>						
<b>Years</b>	<b>General Obligation Bonds</b>		<b>Accrued Pension Liability</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>		
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	1,190,000	431,093	74,822	50,178		
2024-2028	6,300,000	1,600,612	425,166	199,834		
2029-2033	4,330,000	642,050	524,662	100,338		
2034-2037	1,410,000	114,813	174,522	7,352		
Totals	<u>\$18,130,000</u>	<u>\$4,850,452</u>	<u>\$1,468,890</u>	<u>\$587,984</u>		

<b>Governmental Activities</b>						
<b>Years</b>	<b>ODOT SIB Loan</b>		<b>OPWC Loans</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>		
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	0	0	48,500	0		
2024-2028	0	0	233,250	0		
2029-2033	0	0	150,000	0		
2034-2036	0	0	45,000	0		
Totals	<u>\$161,608</u>	<u>\$2,424</u>	<u>\$830,750</u>	<u>\$0</u>		

<b>Business-Type Activities</b>						
<b>Years</b>	<b>General Obligation Bonds</b>		<b>OWDA Loans</b>		<b>OPWC Loans</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2019	\$430,000	\$230,031	\$1,787,976	\$754,456	\$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	400,000	126,730	2,031,995	547,811	106,857	0
2024-2028	2,140,000	495,965	10,686,951	1,863,864	357,880	0
2029-2033	1,855,000	166,350	7,233,343	460,510	208,029	0
2034-2036	115,000	3,450	67,271	834	0	0
Totals	<u>\$6,085,000</u>	<u>\$1,448,816</u>	<u>\$27,526,826</u>	<u>\$5,589,673</u>	<u>\$1,117,466</u>	<u>\$0</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018***

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

**D. Defeasance of General Obligation Debt**

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 \$250,000 at December 31, 2018 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 \$7,025,000 at December 31, 2018 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 were 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 \$3,185,000 at December 31, 2018 are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

***Notes to the Basic Financial Statements***  
***For the Year Ended December 31, 2018***

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**NOTE 14 - CAPITALIZED LEASES**

The City leases several assets under capital leases. The original cost of equipment of \$2,467,569, 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, 2018:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>
2019	\$508,415
2020	508,415
2021	388,350
2022	388,350
2023	245,393
2024	170,466
2025	<u>170,466</u>
Minimum Lease Payments	2,379,855
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(291,288)</u>
Present value of minimum lease payments	<u><u>\$2,088,567</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, 2018***

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**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 reinsurers 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, 2018***

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**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 \$669,073 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 2017 and 2018 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>
2017	\$222,950	\$7,492,889	(\$7,100,643)	\$615,196
2018	615,196	7,358,727	(7,304,850)	669,073

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018**

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**NOTE 16 - SIGNIFICANT COMMITMENTS****A. Contractual Commitments**

The City had the following significant contractual commitments at December 31, 2018:

<u>Project</u>	<u>Remaining Contractual Commitment</u>	<u>Expected Date of Completion</u>
Anaerobic Digestion	\$6,642,487	2019
Downtown Renovations	2,404,378	2019
Water Plant Instrumentation and Control	1,660,000	2019
Fourth Street Sewer Separation	36,000,000	2024
Horns Hill Sewer	500,000	2019
Interceptor/Siphon Optimization	2,900,000	2020
Tamarack Water Transmission Line	4,800,000	2020
Various Street Improvements	1,112,970	2019
	<u>\$56,019,835</u>	

**B. Encumbrance Commitments**

At December 31, 2018 the City had encumbrance commitments in the Governmental Funds as follows:

<u>Fund</u>	<u>Encumbrances</u>
General Fund	\$697,936
Other Governmental Funds	2,721,474
Total Governmental Funds	<u>\$3,419,410</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*

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**CITY OF NEWARK, OHIO**

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***Schedule of City's Proportionate Share of the Net Pension Liability  
Last Five Years***

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**Ohio Public Employees Retirement System**

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

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

**Ohio Police and Fire Pension Fund**

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

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***

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<u>2017</u>	<u>2018</u>
0.073004%	0.069175%

\$16,578,043	\$10,852,146
\$9,126,483	\$9,207,600

181.65%	117.86%
---------	---------

77.25%	84.66%
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<u>2017</u>	<u>2018</u>
0.467510%	0.441969%

\$29,611,621	\$27,125,647
\$9,644,293	\$9,540,968

307.04%	284.31%
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68.36%	70.91%
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**CITY OF NEWARK, OHIO**

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***Schedule of City Pension Contributions  
Last Six Years***

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**Ohio Public Employees Retirement System**

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

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>
Contractually required contribution	\$1,736,855	\$2,002,523	\$2,012,953
Contributions in relation to the contractually required contribution	<u>1,736,855</u>	<u>2,002,523</u>	<u>2,012,953</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$9,550,114	\$9,387,938	\$9,451,954
Contributions as a percentage of covered payroll	18.19%	21.33%	21.30%

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.

**CITY OF NEWARK, OHIO**

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<u>2016</u>	<u>2017</u>	<u>2018</u>
\$1,095,178	\$1,196,988	\$1,312,745
<u>1,095,178</u>	<u>1,196,988</u>	<u>1,312,745</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,126,483	\$9,207,600	\$9,376,750
12.00%	13.00%	14.00%

<u>2016</u>	<u>2017</u>	<u>2018</u>
\$2,058,255	\$2,041,586	\$2,095,532
<u>2,058,255</u>	<u>2,041,586</u>	<u>2,095,532</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,644,293	\$9,540,968	\$9,807,613
21.34%	21.40%	21.37%





**CITY OF NEWARK, OHIO**

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***Schedule of City's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability  
Last Two Years***

---

**Ohio Public Employees Retirement System**

Year	2017	2018
City's proportion of the net OPEB liability (asset)	0.073607%	0.070172%
City's proportionate share of the net OPEB liability (asset)	\$7,434,554	\$7,620,198
City's covered payroll	\$9,126,483	\$9,207,600
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	81.46%	82.76%
Plan fiduciary net position as a percentage of the total OPEB liability	54.50%	54.14%

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

**Ohio Police and Fire Pension Fund**

Year	2017	2018
City's proportion of the net OPEB liability (asset)	0.467510%	0.441969%
City's proportionate share of the net OPEB liability (asset)	\$22,191,654	\$25,041,358
City's covered payroll	\$9,644,293	\$9,540,968
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	230.10%	262.46%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%

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

Notes: The City implemented GASB Statement 75 in 2018.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2017 is not available. The schedule is reported as of the measurement date of the Net OPEB Liability, which is the prior year end.

**CITY OF NEWARK, OHIO**

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***Schedule of City's Other Postemployment Benefit (OPEB) Contributions  
Last Six Years***

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**Ohio Public Employees Retirement System**

Year	2013	2014	2015
Contractually required contribution	\$94,999	\$187,626	\$186,899
Contributions in relation to the contractually required contribution	94,999	187,626	186,899
Contribution deficiency (excess)	\$0	\$0	\$0
City's covered payroll	\$9,499,900	\$9,381,292	\$9,344,933
Contributions as a percentage of covered payroll	1.00%	2.00%	2.00%

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

**Ohio Police and Fire Pension Fund**

Year	2013	2014	2015
Contractually required contribution	\$344,484	\$46,940	\$47,260
Contributions in relation to the contractually required contribution	344,484	46,940	47,260
Contribution deficiency (excess)	\$0	\$0	\$0
City's covered payroll	\$9,550,114	\$9,387,938	\$9,451,954
Contributions as a percentage of covered payroll	3.61%	0.50%	0.50%

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

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2013 is not available.

***CITY OF NEWARK, OHIO***

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<u>2016</u>	<u>2017</u>	<u>2018</u>
\$182,530	\$92,076	\$0
<u>182,530</u>	<u>92,076</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,126,483	\$9,207,600	\$9,376,750
2.00%	1.00%	0.00%

<u>2016</u>	<u>2017</u>	<u>2018</u>
\$48,221	\$47,704	\$49,038
<u>48,221</u>	<u>47,704</u>	<u>49,038</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,644,293	\$9,540,968	\$9,807,613
0.50%	0.50%	0.50%

***Notes to the Required Supplemental Information  
For the Year Ended December 31, 2018***

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**NET PENSION LIABILITY**

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

*Changes in benefit terms:* There were no changes in benefit terms for the period 2014-2018.

*Changes in assumptions:*

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

**OHIO POLICE AND FIRE (OP&F) PENSION FUND**

*Changes in benefit terms:* There were no changes in benefit terms for the period 2014-2018.

*Changes in assumptions:*

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%

***Notes to the Required Supplemental Information  
For the Year Ended December 31, 2018***

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**NET OPEB LIABILITY**

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

*Changes in benefit terms:* For 2018, there were no changes in benefit terms.

*Changes in assumptions:* For 2018, the single discount rate changed from 4.23% to 3.85%.

**OHIO POLICE AND FIRE (OP&F) PENSION FUND**

*Changes in benefit terms:* For 2018, there were no changes in benefit terms.

*Changes in assumptions:* For 2018, the single discount rate changed from 3.79% to 3.24%.

*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

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

***Nonmajor Governmental Funds***

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***Special Revenue Funds***

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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***

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**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 accounts for grants used for bike path improvements as well as improvements to City parks.

**Mary E. Barnes Trust Fund**

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

**Brownfield Cleanup Fund**

To account for monies from the Environmental Protection Agency to be used for brownfield assessment and cleanup planning.

**Judicial Fund**

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

(Continued)



***Debt Service Funds***

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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***

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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, 2018**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Pooled Cash and Investments	\$ 4,774,938	\$ 1,733,564	\$ 2,993,074	\$ 9,501,576
Investments	121,433	0	211,466	332,899
Receivables:				
Taxes	466,948	706,000	0	1,172,948
Accounts	48,199	0	1,980	50,179
Intergovernmental	1,545,937	0	0	1,545,937
Interest	406	0	0	406
Loans	2,463,316	0	0	2,463,316
Inventory of Supplies, at Cost	377,514	0	0	377,514
Prepaid Items	42,436	0	0	42,436
Restricted Assets:				
Cash and Cash Equivalents	640,095	0	0	640,095
Cash and Cash Equivalents with Fiscal Agent	22,449	0	0	22,449
Investments	627,500	0	0	627,500
Investments with Fiscal Agent	477,335	0	0	477,335
<b>Total Assets</b>	<b>\$ 11,608,506</b>	<b>\$ 2,439,564</b>	<b>\$ 3,206,520</b>	<b>\$ 17,254,590</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 66,255	\$ 0	\$ 347,255	\$ 413,510
Accrued Wages and Benefits Payable	111,913	0	0	111,913
Due to Escrow Agent	0	51,550	0	51,550
Interfund Loans Payable	83,634	0	0	83,634
Accrued Interest Payable	0	0	12,693	12,693
General Obligation Notes Payable	0	0	1,120,000	1,120,000
<b>Total Liabilities</b>	<b>261,802</b>	<b>51,550</b>	<b>1,479,948</b>	<b>1,793,300</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Amounts	1,708,729	0	0	1,708,729
Property Tax Levy for Next Fiscal Year	450,756	706,000	0	1,156,756
<b>Total Deferred Inflows of Resources</b>	<b>2,159,485</b>	<b>706,000</b>	<b>0</b>	<b>2,865,485</b>
<b>Fund Balance:</b>				
Nonspendable	419,950	0	0	419,950
Restricted	8,856,054	1,682,014	1,726,572	12,264,640
Unassigned	(88,785)	0	0	(88,785)
<b>Total Fund Balance</b>	<b>9,187,219</b>	<b>1,682,014</b>	<b>1,726,572</b>	<b>12,595,805</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 11,608,506</b>	<b>\$ 2,439,564</b>	<b>\$ 3,206,520</b>	<b>\$ 17,254,590</b>

**CITY OF NEWARK, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2018**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 447,156	\$ 1,674,986	\$ 0	\$ 2,122,142
Intergovernmental Revenues	4,177,033	0	0	4,177,033
Charges for Services	4,938	0	0	4,938
Investment Earnings	2,206	0	0	2,206
Fines and Forfeitures	562,804	0	30,111	592,915
All Other Revenue	166,276	70,158	24,040	260,474
<b>Total Revenues</b>	<b>5,360,413</b>	<b>1,745,144</b>	<b>54,151</b>	<b>7,159,708</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	1,484,084	0	0	1,484,084
Public Health and Welfare Services	101,517	0	0	101,517
Community Environment	1,120,870	0	0	1,120,870
Transportation	2,793,249	0	0	2,793,249
General Government	230,348	392,477	0	622,825
Capital Outlay	0	0	3,907,035	3,907,035
Debt Service:				
Principal Retirement	123,027	1,327,913	0	1,450,940
Interest and Fiscal Charges	31,375	670,667	28,373	730,415
<b>Total Expenditures</b>	<b>5,884,470</b>	<b>2,391,057</b>	<b>3,935,408</b>	<b>12,210,935</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(524,057)	(645,913)	(3,881,257)	(5,051,227)
<b>Other Financing Sources (Uses):</b>				
Other Financing Sources - Capital Leases	0	0	1,292,500	1,292,500
ODOT SIB Loan Issuance	0	0	1,084,411	1,084,411
Long Term Note Issuance	0	0	1,125,000	1,125,000
Transfers In	75,459	1,567,551	1,484,879	3,127,889
Transfers Out	0	(118,335)	0	(118,335)
<b>Total Other Financing Sources (Uses)</b>	<b>75,459</b>	<b>1,449,216</b>	<b>4,986,790</b>	<b>6,511,465</b>
Net Change in Fund Balance	(448,598)	803,303	1,105,533	1,460,238
<b>Fund Balance at Beginning of Year</b>	<b>9,751,560</b>	<b>878,711</b>	<b>621,039</b>	<b>11,251,310</b>
Decrease in Inventory	(115,743)	0	0	(115,743)
<b>Fund Balance End of Year</b>	<b>\$ 9,187,219</b>	<b>\$ 1,682,014</b>	<b>\$ 1,726,572</b>	<b>\$ 12,595,805</b>

**CITY OF NEWARK, OHIO****Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2018**

	Street Department	Cemetery	Community Development	Veterans Memorial Sidewalk
<b>Assets:</b>				
Pooled Cash and Investments	\$ 790,887	\$ 130,694	\$ 494,485	\$ 688
Investments	0	0	46,433	75,000
Receivables:				
Taxes	0	0	0	0
Accounts	2,032	128	0	0
Intergovernmental	862,491	0	17,035	0
Interest	0	0	406	0
Loans	0	0	2,463,316	0
Inventory of Supplies, at Cost	377,514	0	0	0
Prepaid Items	26,158	0	4,199	0
Restricted Assets:				
Cash and Cash Equivalents	0	37,015	0	0
Cash and Cash Equivalents with Fiscal Agent	0	15,313	0	0
Investments	0	627,500	0	0
Investments with Fiscal Agent	0	347,680	0	0
<b>Total Assets</b>	<b>\$ 2,059,082</b>	<b>\$ 1,158,330</b>	<b>\$ 3,025,874</b>	<b>\$ 75,688</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 24,975	\$ 0	\$ 11,141	\$ 0
Accrued Wages and Benefits Payable	70,254	0	10,653	0
Interfund Loans Payable	0	0	0	0
<b>Total Liabilities</b>	<b>95,229</b>	<b>0</b>	<b>21,794</b>	<b>0</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Amounts	574,994	0	0	0
Property Tax Levy for Next Fiscal Year	0	0	0	0
<b>Total Deferred Inflows of Resources</b>	<b>574,994</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balance:</b>				
Nonspendable	403,672	0	4,199	0
Restricted	985,187	1,158,330	2,999,881	75,688
Unassigned	0	0	0	0
<b>Total Fund Balance</b>	<b>1,388,859</b>	<b>1,158,330</b>	<b>3,004,080</b>	<b>75,688</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 2,059,082</b>	<b>\$ 1,158,330</b>	<b>\$ 3,025,874</b>	<b>\$ 75,688</b>

***CITY OF NEWARK, OHIO***

<u>Safety Grants</u>	<u>Police/Fire Pension</u>	<u>State Highway</u>	<u>Law Enforcement</u>	<u>Landfill Reclamation</u>	<u>Court Computerization</u>
\$ 0	\$ 0	\$ 3,406	\$ 371,365	\$ 4,724	\$ 649,781
0	0	0	0	0	0
0	466,948	0	0	0	0
0	0	0	5,426	0	17,189
57,928	28,201	69,932	138	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
5,849	0	0	0	0	1,271
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 63,777</u>	<u>\$ 495,149</u>	<u>\$ 73,338</u>	<u>\$ 376,929</u>	<u>\$ 4,724</u>	<u>\$ 668,241</u>
\$ 11,414	\$ 0	\$ 0	\$ 2,843	\$ 0	\$ 0
14,147	0	0	0	0	3,008
57,928	0	0	0	0	0
<u>83,489</u>	<u>0</u>	<u>0</u>	<u>2,843</u>	<u>0</u>	<u>3,008</u>
33,518	44,393	46,621	0	0	0
0	450,756	0	0	0	0
<u>33,518</u>	<u>495,149</u>	<u>46,621</u>	<u>0</u>	<u>0</u>	<u>0</u>
5,849	0	0	0	0	1,271
0	0	26,717	374,086	4,724	663,962
(59,079)	0	0	0	0	0
<u>(53,230)</u>	<u>0</u>	<u>26,717</u>	<u>374,086</u>	<u>4,724</u>	<u>665,233</u>
<u>\$ 63,777</u>	<u>\$ 495,149</u>	<u>\$ 73,338</u>	<u>\$ 376,929</u>	<u>\$ 4,724</u>	<u>\$ 668,241</u>

(Continued)

**CITY OF NEWARK, OHIO****Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2018**

	Permissive License Tax	Probation Grant	Federal Transit Administration	ODNR Grants
<b>Assets:</b>				
Pooled Cash and Investments	\$ 390,511	\$ 105,649	\$ 359	\$ 0
Investments	0	0	0	0
Receivables:				
Taxes	0	0	0	0
Accounts	9,603	0	0	0
Intergovernmental	312,267	172,239	0	25,706
Interest	0	0	0	0
Loans	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	4,959	0	0
Restricted Assets:				
Cash and Cash Equivalents	603,080	0	0	0
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Investments	0	0	0	0
Investments with Fiscal Agent	0	0	0	0
<b>Total Assets</b>	<b>\$ 1,315,461</b>	<b>\$ 282,847</b>	<b>\$ 359</b>	<b>\$ 25,706</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 11,376	\$ 506	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	13,851	0	0
Interfund Loans Payable	0	0	0	25,706
<b>Total Liabilities</b>	<b>11,376</b>	<b>14,357</b>	<b>0</b>	<b>25,706</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Amounts	811,258	172,239	0	25,706
Property Tax Levy for Next Fiscal Year	0	0	0	0
<b>Total Deferred Inflows of Resources</b>	<b>811,258</b>	<b>172,239</b>	<b>0</b>	<b>25,706</b>
<b>Fund Balance:</b>				
Nonspendable	0	4,959	0	0
Restricted	492,827	91,292	359	0
Unassigned	0	0	0	(25,706)
<b>Total Fund Balance</b>	<b>492,827</b>	<b>96,251</b>	<b>359</b>	<b>(25,706)</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 1,315,461</b>	<b>\$ 282,847</b>	<b>\$ 359</b>	<b>\$ 25,706</b>

**CITY OF NEWARK, OHIO**

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Mary E. Barnes Trust	Brownfield Cleanup	Judicial	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 1,832,389	\$ 4,774,938
0	0	0	121,433
0	0	0	466,948
0	0	13,821	48,199
0	0	0	1,545,937
0	0	0	406
0	0	0	2,463,316
0	0	0	377,514
0	0	0	42,436
0	0	0	640,095
7,136	0	0	22,449
0	0	0	627,500
129,655	0	0	477,335
<u>\$ 136,791</u>	<u>\$ 0</u>	<u>\$ 1,846,210</u>	<u>\$ 11,608,506</u>
\$ 0	\$ 4,000	\$ 0	\$ 66,255
0	0	0	111,913
<u>0</u>	<u>0</u>	<u>0</u>	<u>83,634</u>
<u>0</u>	<u>4,000</u>	<u>0</u>	<u>261,802</u>
0	0	0	1,708,729
<u>0</u>	<u>0</u>	<u>0</u>	<u>450,756</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>2,159,485</u>
0	0	0	419,950
136,791	0	1,846,210	8,856,054
<u>0</u>	<u>(4,000)</u>	<u>0</u>	<u>(88,785)</u>
<u>136,791</u>	<u>(4,000)</u>	<u>1,846,210</u>	<u>9,187,219</u>
<u>\$ 136,791</u>	<u>\$ 0</u>	<u>\$ 1,846,210</u>	<u>\$ 11,608,506</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, 2018**

	Street Department	Cemetery	Community Development	Veterans Memorial Sidewalk
<b>Revenues:</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	1,833,018	0	783,265	0
Charges for Services	0	4,938	0	0
Investment Earnings	0	(13,646)	4,268	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	79,637	0	0	3,350
<b>Total Revenues</b>	<b>1,912,655</b>	<b>(8,708)</b>	<b>787,533</b>	<b>3,350</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	0	19,115	0	0
Community Environment	0	0	1,085,060	0
Transportation	1,725,118	0	0	0
General Government	0	0	0	986
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<b>Total Expenditures</b>	<b>1,725,118</b>	<b>19,115</b>	<b>1,085,060</b>	<b>986</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	187,537	(27,823)	(297,527)	2,364
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balance	187,537	(27,823)	(297,527)	2,364
<b>Fund Balance at Beginning of Year</b>	<b>1,317,065</b>	<b>1,186,153</b>	<b>3,301,607</b>	<b>73,324</b>
Decrease in Inventory	(115,743)	0	0	0
<b>Fund Balance End of Year</b>	<b>\$ 1,388,859</b>	<b>\$ 1,158,330</b>	<b>\$ 3,004,080</b>	<b>\$ 75,688</b>



***CITY OF NEWARK, OHIO***

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<u>Safety Grants</u>	<u>Police/Fire Pension</u>	<u>State Highway</u>	<u>Law Enforcement</u>	<u>Landfill Reclamation</u>	<u>Court Computerization</u>
\$ 0	\$ 447,156	\$ 0	\$ 0	\$ 0	\$ 0
234,599	58,906	148,624	21,952	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	92,827	0	260,178
19	0	0	0	0	792
<u>234,618</u>	<u>506,062</u>	<u>148,624</u>	<u>114,779</u>	<u>0</u>	<u>260,970</u>
371,108	506,062	0	38,305	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	145,000	0	0	0
0	0	0	0	12,796	149,589
0	0	0	0	0	0
0	0	0	0	0	0
<u>371,108</u>	<u>506,062</u>	<u>145,000</u>	<u>38,305</u>	<u>12,796</u>	<u>149,589</u>
(136,490)	0	3,624	76,474	(12,796)	111,381
<u>66,355</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>66,355</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(70,135)	0	3,624	76,474	(12,796)	111,381
16,905	0	23,093	297,612	17,520	553,852
0	0	0	0	0	0
<u>\$ (53,230)</u>	<u>\$ 0</u>	<u>\$ 26,717</u>	<u>\$ 374,086</u>	<u>\$ 4,724</u>	<u>\$ 665,233</u>

(Continued)

**CITY OF NEWARK, OHIO****Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2018**

	Permissive License Tax	Probation Grant	Federal Transit Administration	ODNR Grants
<b>Revenues:</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	680,654	336,613	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	80,382	2,096	0	0
<b>Total Revenues</b>	<u>761,036</u>	<u>338,709</u>	<u>0</u>	<u>1,000</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	531,543	0	0
Public Health and Welfare Services	0	0	0	0
Community Environment	0	0	0	35,810
Transportation	921,999	0	1,132	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	123,027	0	0	0
Interest and Fiscal Charges	31,375	0	0	0
<b>Total Expenditures</b>	<u>1,076,401</u>	<u>531,543</u>	<u>1,132</u>	<u>35,810</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(315,365)	(192,834)	(1,132)	(34,810)
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	0	9,104
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,104</u>
Net Change in Fund Balance	(315,365)	(192,834)	(1,132)	(25,706)
<b>Fund Balance at Beginning of Year</b>	808,192	289,085	1,491	0
Decrease in Inventory	0	0	0	0
<b>Fund Balance End of Year</b>	<u>\$ 492,827</u>	<u>\$ 96,251</u>	<u>\$ 359</u>	<u>\$ (25,706)</u>

**CITY OF NEWARK, OHIO**

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Mary E. Barnes Trust	Brownfield Cleanup	Judicial	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 447,156
0	78,402	0	4,177,033
0	0	0	4,938
11,584	0	0	2,206
0	0	209,799	562,804
0	0	0	166,276
<u>11,584</u>	<u>78,402</u>	<u>209,799</u>	<u>5,360,413</u>
37,066	0	0	1,484,084
0	82,402	0	101,517
0	0	0	1,120,870
0	0	0	2,793,249
0	0	66,977	230,348
0	0	0	123,027
0	0	0	31,375
<u>37,066</u>	<u>82,402</u>	<u>66,977</u>	<u>5,884,470</u>
(25,482)	(4,000)	142,822	(524,057)
<u>0</u>	<u>0</u>	<u>0</u>	<u>75,459</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>75,459</u>
(25,482)	(4,000)	142,822	(448,598)
162,273	0	1,703,388	9,751,560
0	0	0	(115,743)
<u>\$ 136,791</u>	<u>\$ (4,000)</u>	<u>\$ 1,846,210</u>	<u>\$ 9,187,219</u>

**CITY OF NEWARK, OHIO**

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**Combining Balance Sheet  
Nonmajor Debt Service Funds  
December 31, 2018**

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	Debt Service	Tax Increment Financing	Total Nonmajor Debt Service Funds
<b>Assets:</b>			
Pooled Cash and Investments	\$ 1,068,614	\$ 664,950	\$ 1,733,564
Receivables:			
Taxes	0	706,000	706,000
<b>Total Assets</b>	<u>\$ 1,068,614</u>	<u>\$ 1,370,950</u>	<u>\$ 2,439,564</u>
<b>Liabilities:</b>			
Due to Escrow Agent	\$ 51,550	\$ 0	\$ 51,550
<b>Total Liabilities</b>	<u>51,550</u>	<u>0</u>	<u>51,550</u>
<b>Deferred Inflows of Resources:</b>			
Property Tax Levy for Next Fiscal Year	0	706,000	706,000
<b>Total Deferred Inflows of Resources</b>	<u>0</u>	<u>706,000</u>	<u>706,000</u>
<b>Fund Balance:</b>			
Restricted	1,017,064	664,950	1,682,014
<b>Total Fund Balance</b>	<u>1,017,064</u>	<u>664,950</u>	<u>1,682,014</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<u>\$ 1,068,614</u>	<u>\$ 1,370,950</u>	<u>\$ 2,439,564</u>

**CITY OF NEWARK, OHIO**

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**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Debt Service Funds**  
**For the Year Ended December 31, 2018**

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	Debt Service	Tax Increment Financing	Total Nonmajor Debt Service Funds
<b>Revenues:</b>			
Taxes	\$ 0	\$ 1,674,986	\$ 1,674,986
All Other Revenue	12,009	58,149	70,158
<b>Total Revenues</b>	<u>12,009</u>	<u>1,733,135</u>	<u>1,745,144</u>
<b>Expenditures:</b>			
Current:			
General Government	2,750	389,727	392,477
Debt Service:			
Principal Retirement	821,828	506,085	1,327,913
Interest and Fiscal Charges	588,186	82,481	670,667
<b>Total Expenditures</b>	<u>1,412,764</u>	<u>978,293</u>	<u>2,391,057</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,400,755)	754,842	(645,913)
<b>Other Financing Sources (Uses):</b>			
Transfers In	1,417,760	149,791	1,567,551
Transfers Out	(118,335)	0	(118,335)
<b>Total Other Financing Sources (Uses)</b>	<u>1,299,425</u>	<u>149,791</u>	<u>1,449,216</u>
Net Change in Fund Balance	(101,330)	904,633	803,303
<b>Fund Balance at Beginning of Year</b>	<u>1,118,394</u>	<u>(239,683)</u>	<u>878,711</u>
<b>Fund Balance End of Year</b>	<u>\$ 1,017,064</u>	<u>\$ 664,950</u>	<u>\$ 1,682,014</u>

**CITY OF NEWARK, OHIO**

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**Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2018**

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	Capital Improvement	Court Capital Improvement	Total Nonmajor Capital Projects Funds
<b>Assets:</b>			
Pooled Cash and Investments	\$ 2,558,542	\$ 434,532	\$ 2,993,074
Investments	211,466	0	211,466
Receivables:			
Accounts	0	1,980	1,980
<b>Total Assets</b>	<u>\$ 2,770,008</u>	<u>\$ 436,512</u>	<u>\$ 3,206,520</u>
<b>Liabilities:</b>			
Accounts Payable	\$ 347,255	\$ 0	\$ 347,255
Accrued Interest Payable	12,693	0	12,693
General Obligation Notes Payable	1,120,000	0	1,120,000
<b>Total Liabilities</b>	<u>1,479,948</u>	<u>0</u>	<u>1,479,948</u>
<b>Fund Balance:</b>			
Restricted	1,290,060	436,512	1,726,572
<b>Total Fund Balance</b>	<u>1,290,060</u>	<u>436,512</u>	<u>1,726,572</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 2,770,008</u>	<u>\$ 436,512</u>	<u>\$ 3,206,520</u>

**CITY OF NEWARK, OHIO**

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**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Capital Projects Funds**  
**For the Year Ended December 31, 2018**

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	Capital Improvement	Court Capital Improvement	Total Nonmajor Capital Project Funds
<b>Revenues:</b>			
Fines and Forfeitures	\$ 0	\$ 30,111	\$ 30,111
All Other Revenue	24,040	0	24,040
<b>Total Revenues</b>	<u>24,040</u>	<u>30,111</u>	<u>54,151</u>
<b>Expenditures:</b>			
Capital Outlay	3,890,645	16,390	3,907,035
Debt Service:			
Interest and Fiscal Charges	28,373	0	28,373
<b>Total Expenditures</b>	<u>3,919,018</u>	<u>16,390</u>	<u>3,935,408</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,894,978)	13,721	(3,881,257)
<b>Other Financing Sources (Uses):</b>			
Other Financing Sources - Capital Leases	1,292,500	0	1,292,500
ODOT SIB Loan Issuance	1,084,411	0	1,084,411
Long Term Note Issuance	1,125,000	0	1,125,000
Transfers In	1,484,879	0	1,484,879
<b>Total Other Financing Sources (Uses)</b>	<u>4,986,790</u>	<u>0</u>	<u>4,986,790</u>
Net Change in Fund Balance	1,091,812	13,721	1,105,533
<b>Fund Balance at Beginning of Year</b>	<u>198,248</u>	<u>422,791</u>	<u>621,039</u>
<b>Fund Balance End of Year</b>	<u>\$ 1,290,060</u>	<u>\$ 436,512</u>	<u>\$ 1,726,572</u>

**CITY OF NEWARK, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 24,134,623	\$ 24,443,091	\$ 25,596,058	\$ 1,152,967
Intergovernmental Revenues	1,581,927	1,589,568	1,640,261	50,693
Charges for Services	2,368,296	2,445,796	2,265,615	(180,181)
Licenses, Permits and Fees	80,035	80,035	79,200	(835)
Investment Earnings	110,209	110,209	67,769	(42,440)
Fines and Forfeitures	1,453,100	1,668,172	1,742,330	74,158
All Other Revenue	79,745	593,384	635,695	42,311
Total Revenues	29,807,935	30,930,255	32,026,928	1,096,673
<b>Expenditures:</b>				
Security of Persons and Property:				
Impound Lot:				
Personal Services	52,485	78,118	77,528	590
Materials and Supplies	631	570	420	150
Contractual Services	47,469	67,320	67,320	0
Capital Outlay	1,000	0	0	0
Total Impound Lot	101,585	146,008	145,268	740
Police:				
Personal Services	7,740,281	7,685,431	7,508,334	177,097
Materials and Supplies	297,310	299,145	289,079	10,066
Contractual Services	747,544	736,005	642,159	93,846
Other Expenditures	500	500	0	500
Capital Outlay	37,174	35,000	35,000	0
Total Police	8,822,809	8,756,081	8,474,572	281,509
Fire:				
Personal Services	8,215,974	8,120,494	7,908,899	211,595
Materials and Supplies	379,654	411,693	400,823	10,870
Contractual Services	772,368	579,779	558,378	21,401
Other Expenditures	1,000	1,500	1,500	0
Capital Outlay	189,374	207,685	207,685	0
Total Fire	9,558,370	9,321,151	9,077,285	243,866
Total Security of Persons and Property	18,482,764	18,223,240	17,697,125	526,115

(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, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Leisure Time Activities:				
Parks and Cemetery:				
Personal Services	402,281	453,584	447,659	5,925
Materials and Supplies	75,101	67,244	66,560	684
Contractual Services	148,040	175,146	174,749	397
Other Expenditures	484	1,330	1,310	20
Total Parks and Cemetery	625,906	697,304	690,278	7,026
Hollander Pool:				
Materials and Supplies	5,300	5,300	2,500	2,800
Contractual Services	49,605	48,575	38,421	10,154
Total Hollander Pool	54,905	53,875	40,921	12,954
Babe Ruth Baseball:				
Materials and Supplies	5,500	2,626	2,626	0
Contractual Services	24,015	27,861	27,861	0
Total Babe Ruth Baseball	29,515	30,487	30,487	0
Total Leisure Time Activities	710,326	781,666	761,686	19,980
Community Environment:				
Code Administration:				
Personal Services	260,012	260,012	256,975	3,037
Materials and Supplies	4,575	3,871	3,045	826
Contractual Services	333,254	319,144	153,167	165,977
Other Expenditures	280	280	280	0
Capital Outlay	3,509	2,000	0	2,000
Total Community Environment	601,630	585,307	413,467	171,840

(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, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Transportation:				
Street/Traffic:				
Personal Services	0	3,675	3,598	77
Total Transportation	0	3,675	3,598	77
General Government:				
City Council:				
Personal Services	111,162	111,162	110,123	1,039
Total City Council	111,162	111,162	110,123	1,039
Clerk of Council:				
Personal Services	67,551	67,701	67,351	350
Materials and Supplies	350	580	385	195
Contractual Services	18,416	17,270	17,190	80
Total Clerk of Council	86,317	85,551	84,926	625
Mayor:				
Personal Services	185,414	185,414	184,550	864
Materials and Supplies	1,427	832	582	250
Contractual Services	13,385	13,385	10,935	2,450
Capital Outlay	3,590	3,590	1,590	2,000
Total Mayor	203,816	203,221	197,657	5,564
Auditor:				
Personal Services	440,165	439,142	438,979	163
Materials and Supplies	3,510	2,745	2,745	0
Contractual Services	146,856	148,854	142,466	6,388
Other Expenditures	173,503	290,435	235,110	55,325
Capital Outlay	400	0	0	0
Total Auditor	764,434	881,176	819,300	61,876
Law Director:				
Personal Services	980,776	1,019,362	997,298	22,064
Materials and Supplies	7,907	7,676	6,677	999
Contractual Services	23,924	28,678	23,189	5,489
Total Law Director	1,012,607	1,055,716	1,027,164	28,552

(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, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Clerk of Courts:				
Personal Services	1,303,405	1,303,404	1,299,253	4,151
Materials and Supplies	24,000	25,350	22,679	2,671
Contractual Services	82,595	81,745	75,920	5,825
Other Expenditures	2,000	1,000	93	907
Total Clerk of Courts	1,412,000	1,411,499	1,397,945	13,554
Civil Service:				
Personal Services	613	621	621	0
Materials and Supplies	1,200	600	600	0
Contractual Services	75,487	62,304	53,256	9,048
Total Civil Service	77,300	63,525	54,477	9,048
Workers Compensation:				
Personal Services	93,175	93,175	76,226	16,949
Total Workers Compensation	93,175	93,175	76,226	16,949
Judiciary:				
Personal Services	755,476	790,176	738,148	52,028
Materials and Supplies	10,675	10,864	10,797	67
Contractual Services	109,673	108,105	105,958	2,147
Total Judiciary	875,824	909,145	854,903	54,242
Personnel:				
Personal Services	219,703	201,553	194,240	7,313
Materials and Supplies	1,057	934	934	0
Contractual Services	80,174	79,823	69,712	10,111
Other Expenditures	1,680	1,680	1,680	0
Total Personnel	302,614	283,990	266,566	17,424
Adult Probation:				
Personal Services	544,366	544,366	538,995	5,371
Materials and Supplies	15,334	13,887	13,534	353
Contractual Services	31,549	36,212	35,492	720
Total Adult Probation	591,249	594,465	588,021	6,444

(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, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Service Department:				
Personal Services	238,449	247,249	207,073	40,176
Materials and Supplies	7,675	23,015	23,015	0
Contractual Services	2,450,907	2,480,737	2,395,576	85,161
Capital Outlay	153,524	114,000	94,000	20,000
Total Service Department	2,850,555	2,865,001	2,719,664	145,337
Engineer:				
Personal Services	590,239	621,639	568,539	53,100
Materials and Supplies	5,973	4,974	4,638	336
Contractual Services	56,535	61,170	57,217	3,953
Capital Outlay	5,000	5,000	5,000	0
Total Engineer	657,747	692,783	635,394	57,389
Custodial:				
Personal Services	191,016	187,537	185,151	2,386
Materials and Supplies	1,750	2,039	1,797	242
Contractual Services	196,591	181,616	177,847	3,769
Capital Outlay	0	19,315	19,315	0
Total Custodial	389,357	390,507	384,110	6,397
Income Tax:				
Personal Services	867,356	867,356	842,791	24,565
Materials and Supplies	14,446	12,000	11,049	951
Contractual Services	144,320	124,248	93,655	30,593
Other Expenditures	451,774	532,608	526,798	5,810
Capital Outlay	42,000	45,300	42,780	2,520
Total Income Tax	1,519,896	1,581,512	1,517,073	64,439

(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, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Safety Director:				
Personal Services	171,421	171,421	162,820	8,601
Materials and Supplies	600	600	500	100
Contractual Services	546,338	547,213	480,038	67,175
Other Expenditures	8,773	6,645	5,558	1,087
Capital Outlay	0	593	593	0
Total Safety Director	727,132	726,472	649,509	76,963
Total General Government	11,675,185	11,948,900	11,383,058	565,842
Total Expenditures	31,469,905	31,542,788	30,258,934	1,283,854
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,661,970)	(612,533)	1,767,994	2,380,527
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	35,000	49,072	54,766	5,694
Transfers In	1,067,310	1,567,310	1,545,837	(21,473)
Transfers Out	(3,205,919)	(4,460,461)	(4,450,763)	9,698
Advances In	0	53,955	53,955	0
Advances Out	0	(83,634)	(83,634)	0
Total Other Financing Sources (Uses)	(2,103,609)	(2,873,758)	(2,879,839)	(6,081)
Net Change in Fund Balance	(3,765,579)	(3,486,291)	(1,111,845)	2,374,446
Fund Balance at Beginning of Year	4,214,776	4,214,776	4,214,776	0
Prior Year Encumbrances	1,269,740	1,269,740	1,269,740	0
Fund Balance at End of Year	<u>\$ 1,718,937</u>	<u>\$ 1,998,225</u>	<u>\$ 4,372,671</u>	<u>\$ 2,374,446</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, 2018***

<b>STREET DEPARTMENT FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 1,792,000	\$ 1,830,337	\$ 38,337
All Other Revenue	62,205	86,521	24,316
Total Revenues	<u>1,854,205</u>	<u>1,916,858</u>	<u>62,653</u>
<b>Expenditures:</b>			
Transportation:			
Personal Services	1,976,494	1,736,062	240,432
Materials and Supplies	501,459	484,025	17,434
Contractual Services	363,362	352,798	10,564
Other Expenditures	2,792	1,742	1,050
Capital Outlay	18,674	18,674	0
Total Expenditures	<u>2,862,781</u>	<u>2,593,301</u>	<u>269,480</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,008,576)	(676,443)	332,133
<b>Other Financing Sources (Uses):</b>			
Transfers In	549,000	646,712	97,712
Total Other Financing Sources (Uses)	<u>549,000</u>	<u>646,712</u>	<u>97,712</u>
Net Change in Fund Balance	(459,576)	(29,731)	429,845
Fund Balance at Beginning of Year	440,946	440,946	0
Prior Year Encumbrances	200,463	200,463	0
Fund Balance at End of Year	<u>\$ 181,833</u>	<u>\$ 611,678</u>	<u>\$ 429,845</u>

**CITY OF NEWARK, OHIO**

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***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, 2018***

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CEMETERY FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Charges for Services	\$ 3,500	\$ 4,810	\$ 1,310
Investment Earnings	490	0	(490)
Total Revenues	3,990	4,810	820
<b>Expenditures:</b>			
Public Health and Welfare Services:			
Materials and Supplies	4,000	4,000	0
Contractual Services	2,000	0	2,000
Total Expenditures	6,000	4,000	2,000
Net Change in Fund Balance	(2,010)	810	2,820
Fund Balance at Beginning of Year	786,324	786,324	0
Prior Year Encumbrances	7,420	7,420	0
Fund Balance at End of Year	\$ 791,734	\$ 794,554	\$ 2,820

**CITY OF NEWARK, OHIO**

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***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, 2018***

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COMMUNITY DEVELOPMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 1,084,807	\$ 844,097	\$ (240,710)
Investment Earnings	2,250	3,966	1,716
All Other Revenue	113,500	130,880	17,380
Total Revenues	1,200,557	978,943	(221,614)
<b>Expenditures:</b>			
Community Environment:			
Personal Services	402,754	276,287	126,467
Materials and Supplies	1,526	746	780
Contractual Services	905,106	654,900	250,206
Total Expenditures	1,309,386	931,933	377,453
Net Change in Fund Balance	(108,829)	47,010	155,839
Fund Balance at Beginning of Year	347,316	347,316	0
Prior Year Encumbrances	100,645	100,645	0
Fund Balance at End of Year	\$ 339,132	\$ 494,971	\$ 155,839



**CITY OF NEWARK, OHIO**

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***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, 2018***

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**VETERANS MEMORIAL SIDEWALK FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Investment Earnings	\$ 10	\$ 0	\$ (10)
All Other Revenue	1,500	3,350	1,850
Total Revenues	1,510	3,350	1,840
<b>Expenditures:</b>			
General Government:			
Contractual Services	1,000	1,000	0
Total Expenditures	1,000	1,000	0
Net Change in Fund Balance	510	2,350	1,840
Fund Balance at Beginning of Year	73,324	73,324	0
Fund Balance at End of Year	\$ 73,834	\$ 75,674	\$ 1,840

**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, 2018***

SAFETY GRANTS FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 620,199	\$ 281,049	\$ (339,150)
All Other Revenue	0	19	19
Total Revenues	620,199	281,068	(339,131)
<b>Expenditures:</b>			
Security of Persons and Property:			
Personal Services	546,710	333,819	212,891
Materials and Supplies	59,744	59,744	0
Contractual Services	3,488	3,458	30
Capital Outlay	13,046	13,046	0
Total Expenditures	622,988	410,067	212,921
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,789)	(128,999)	(126,210)
<b>Other Financing Sources (Uses):</b>			
Transfers In	76,776	66,355	(10,421)
Advances In	57,928	57,928	0
Advances Out	(53,955)	(53,955)	0
Total Other Financing Sources (Uses)	80,749	70,328	(10,421)
Net Change in Fund Balance	77,960	(58,671)	(136,631)
Fund Balance at Beginning of Year	(1,099)	(1,099)	0
Prior Year Encumbrances	1,099	1,099	0
Fund Balance at End of Year	\$ 77,960	\$ (58,671)	\$ (136,631)

**CITY OF NEWARK, OHIO**

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***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, 2018***

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<b>POLICE/FIRE PENSION FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 447,156	\$ 447,156	\$ 0
Intergovernmental Revenues	<u>58,906</u>	<u>58,906</u>	<u>0</u>
Total Revenues	<u>506,062</u>	<u>506,062</u>	<u>0</u>
<b>Expenditures:</b>			
Security of Persons and Property:			
Personal Services	499,058	499,058	0
Contractual Services	<u>7,004</u>	<u>7,004</u>	<u>0</u>
Total Expenditures	<u>506,062</u>	<u>506,062</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF NEWARK, OHIO**

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***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, 2018***

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STATE HIGHWAY FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 149,000	\$ 148,406	\$ (594)
Total Revenues	149,000	148,406	(594)
<b>Expenditures:</b>			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	149,000	148,406	(594)
<b>Other Financing Sources (Uses):</b>			
Transfers Out	(145,000)	(145,000)	0
Total Other Financing Sources (Uses)	(145,000)	(145,000)	0
Net Change in Fund Balance	4,000	3,406	(594)
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$ 4,000	\$ 3,406	\$ (594)

**CITY OF NEWARK, OHIO**

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***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, 2018***

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**LAW ENFORCEMENT FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 20,000	\$ 22,115	\$ 2,115
Fines and Forfeitures	83,500	93,661	10,161
Total Revenues	103,500	115,776	12,276
<b>Expenditures:</b>			
Security of Persons and Property:			
Contractual Services	156,256	50,256	106,000
Total Expenditures	156,256	50,256	106,000
Net Change in Fund Balance	(52,756)	65,520	118,276
Fund Balance at Beginning of Year	282,865	282,865	0
Prior Year Encumbrances	12,359	12,359	0
Fund Balance at End of Year	<u>\$ 242,468</u>	<u>\$ 360,744</u>	<u>\$ 118,276</u>

**CITY OF NEWARK, OHIO**

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***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, 2018***

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**LANDFILL RECLAMATION FUND**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Total Revenues	<u>\$          0</u>	<u>\$          0</u>	<u>\$          0</u>
<b>Expenditures:</b>			
General Government:			
Capital Outlay	<u>12,796</u>	<u>12,796</u>	<u>0</u>
Total Expenditures	<u>12,796</u>	<u>12,796</u>	<u>0</u>
Net Change in Fund Balance	(12,796)	(12,796)	0
Fund Balance at Beginning of Year	4,724	4,724	0
Prior Year Encumbrances	<u>12,796</u>	<u>12,796</u>	<u>0</u>
Fund Balance at End of Year	<u>\$      4,724</u>	<u>\$      4,724</u>	<u>\$          0</u>

**CITY OF NEWARK, OHIO**

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***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, 2018***

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**COURT COMPUTERIZATION FUND**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines and Forfeitures	\$ 238,000	\$ 259,573	\$ 21,573
All Other Revenue	0	792	792
Total Revenues	<u>238,000</u>	<u>260,365</u>	<u>22,365</u>
<b>Expenditures:</b>			
General Government:			
Personal Services	155,279	89,026	66,253
Materials and Supplies	10,313	2,814	7,499
Contractual Services	137,500	59,117	78,383
Capital Outlay	90,000	14,797	75,203
Total Expenditures	<u>393,092</u>	<u>165,754</u>	<u>227,338</u>
Net Change in Fund Balance	(155,092)	94,611	249,703
Fund Balance at Beginning of Year	532,058	532,058	0
Prior Year Encumbrances	8,035	8,035	0
Fund Balance at End of Year	<u>\$ 385,001</u>	<u>\$ 634,704</u>	<u>\$ 249,703</u>

**CITY OF NEWARK, OHIO**

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***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, 2018***

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**PERMISSIVE LICENSE TAX FUND**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 800,000	\$ 679,822	\$ (120,178)
All Other Revenue	0	70,779	70,779
Total Revenues	800,000	750,601	(49,399)
<b>Expenditures:</b>			
Transportation:			
Contractual Services	1,106,633	1,064,628	42,005
Debt Service:			
Principal Retirement	132,277	123,027	9,250
Interest and Fiscal Charges	31,375	31,375	0
Total Expenditures	1,270,285	1,219,030	51,255
Net Change in Fund Balance	(470,285)	(468,429)	1,856
Fund Balance at Beginning of Year	237,051	237,051	0
Prior Year Encumbrances	470,284	470,284	0
Fund Balance at End of Year	\$ 237,050	\$ 238,906	\$ 1,856



**CITY OF NEWARK, OHIO**

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***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, 2018***

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PROBATION GRANT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 397,495	\$ 383,604	\$ (13,891)
All Other Revenue	0	2,096	2,096
Total Revenues	397,495	385,700	(11,795)
<b>Expenditures:</b>			
Security of Persons and Property:			
Personal Services	377,110	349,536	27,574
Materials and Supplies	149,279	140,112	9,167
Contractual Services	77,977	66,657	11,320
Capital Outlay	6,790	6,790	0
Total Expenditures	611,156	563,095	48,061
Net Change in Fund Balance	(213,661)	(177,395)	36,266
Fund Balance at Beginning of Year	237,233	237,233	0
Prior Year Encumbrances	21,776	21,776	0
Fund Balance at End of Year	<u>\$ 45,348</u>	<u>\$ 81,614</u>	<u>\$ 36,266</u>

**CITY OF NEWARK, OHIO**

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***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, 2018***

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**FEDERAL TRANSIT ADMINISTRATION FUND**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Total Revenues	<u>\$          0</u>	<u>\$          0</u>	<u>\$          0</u>
<b>Expenditures:</b>			
Transportation:			
Materials and Supplies	359	359	0
Contractual Services	<u>1,654</u>	<u>1,654</u>	<u>0</u>
Total Expenditures	<u>2,013</u>	<u>2,013</u>	<u>0</u>
Net Change in Fund Balance	(2,013)	(2,013)	0
Fund Balance at Beginning of Year	0	0	0
Prior Year Encumbrances	<u>2,013</u>	<u>2,013</u>	<u>0</u>
Fund Balance at End of Year	<u>\$          0</u>	<u>\$          0</u>	<u>\$          0</u>

**CITY OF NEWARK, OHIO**

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***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, 2018***

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ODNR GRANTS FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 26,740	\$ 1,000	\$ (25,740)
Total Revenues	<u>26,740</u>	<u>1,000</u>	<u>(25,740)</u>
<b>Expenditures:</b>			
Community Environment:			
Materials and Supplies	1,000	1,000	0
Contractual Services	15,000	15,000	0
Capital Outlay	19,844	19,810	34
Total Expenditures	<u>35,844</u>	<u>35,810</u>	<u>34</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,104)	(34,810)	(25,706)
<b>Other Financing Sources (Uses):</b>			
Transfers In	9,104	9,104	0
Advances In	25,706	25,706	0
Total Other Financing Sources (Uses)	<u>34,810</u>	<u>34,810</u>	<u>0</u>
Net Change in Fund Balance	25,706	0	(25,706)
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 25,706</u>	<u>\$ 0</u>	<u>\$ (25,706)</u>

**CITY OF NEWARK, OHIO**

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***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, 2018***

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	<b>BROWNFIELD CLEANUP FUND</b>		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 159,000	\$ 78,402	\$ (80,598)
Total Revenues	159,000	78,402	(80,598)
<b>Expenditures:</b>			
Public Health and Welfare Services:			
Personal Services	9,000	2,070	6,930
Contractual Services	150,000	97,890	52,110
Total Expenditures	159,000	99,960	59,040
Net Change in Fund Balance	0	(21,558)	(21,558)
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$ 0	\$ (21,558)	\$ (21,558)

**CITY OF NEWARK, OHIO**

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***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, 2018***

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JUDICIAL FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines and Forfeitures	\$ 192,000	\$ 209,311	\$ 17,311
Total Revenues	192,000	209,311	17,311
<b>Expenditures:</b>			
General Government:			
Personal Services	63,227	61,774	1,453
Materials and Supplies	5,612	2,112	3,500
Contractual Services	94,038	6,913	87,125
Total Expenditures	162,877	70,799	92,078
Net Change in Fund Balance	29,123	138,512	109,389
Fund Balance at Beginning of Year	1,684,251	1,684,251	0
Prior Year Encumbrances	7,145	7,145	0
Fund Balance at End of Year	<u>\$ 1,720,519</u>	<u>\$ 1,829,908</u>	<u>\$ 109,389</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, 2018***

<b>DEBT SERVICE FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
All Other Revenue	\$ 0	\$ 13,061	\$ 13,061
Total Revenues	<u>0</u>	<u>13,061</u>	<u>13,061</u>
<b>Expenditures:</b>			
General Government:			
Contractual Services	2,826	2,750	76
Debt Service:			
Principal Retirement	2,092,828	2,092,828	0
Interest and Fiscal Charges	<u>617,639</u>	<u>615,236</u>	<u>2,403</u>
Total Expenditures	<u>2,713,293</u>	<u>2,710,814</u>	<u>2,479</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,713,293)	(2,697,753)	15,540
<b>Other Financing Sources (Uses):</b>			
Note Issuance	1,180,667	1,120,000	(60,667)
Transfers In	<u>1,269,133</u>	<u>1,417,760</u>	<u>148,627</u>
Total Other Financing Sources (Uses)	<u>2,449,800</u>	<u>2,537,760</u>	<u>87,960</u>
Net Change in Fund Balance	(263,493)	(159,993)	103,500
Fund Balance at Beginning of Year	<u>1,228,607</u>	<u>1,228,607</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 965,114</u>	<u>\$ 1,068,614</u>	<u>\$ 103,500</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, 2018***

TAX INCREMENT FINANCING FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes	\$ 1,637,203	\$ 1,674,986	\$ 37,783
All Other Revenue	0	58,149	58,149
Total Revenues	1,637,203	1,733,135	95,932
<b>Expenditures:</b>			
General Government:			
Contractual Services	88,872	85,637	3,235
Other Expenditures	632,021	577,116	54,905
Debt Service:			
Principal Retirement	500,961	500,960	1
Interest and Fiscal Charges	87,607	87,606	1
Total Expenditures	1,309,461	1,251,319	58,142
Excess (Deficiency) of Revenues Over (Under) Expenditures	327,742	481,816	154,074
<b>Other Financing Sources (Uses):</b>			
Transfers In	282,676	149,791	(132,885)
Total Other Financing Sources (Uses)	282,676	149,791	(132,885)
Net Change in Fund Balance	610,418	631,607	21,189
Fund Balance at Beginning of Year	22,494	22,494	0
Fund Balance at End of Year	\$ 632,912	\$ 654,101	\$ 21,189

**CITY OF NEWARK, OHIO**

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***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, 2018***

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CAPITAL IMPROVEMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 456,520	\$ 0	\$ (456,520)
Investment Earnings	6,870	0	(6,870)
All Other Revenue	24,045	24,040	(5)
Total Revenues	487,435	24,040	(463,395)
<b>Expenditures:</b>			
Capital Outlay	4,464,215	3,866,614	597,601
Total Expenditures	4,464,215	3,866,614	597,601
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,976,780)	(3,842,574)	134,206
<b>Other Financing Sources (Uses):</b>			
Note Issuance	1,125,000	1,125,000	0
Lease Issuance	510,069	364,015	(146,054)
Transfers In	1,459,749	1,459,749	0
Total Other Financing Sources (Uses)	3,094,818	2,948,764	(146,054)
Net Change in Fund Balance	(881,962)	(893,810)	(11,848)
Fund Balance at Beginning of Year	566,241	566,241	0
Prior Year Encumbrances	899,324	899,324	0
Fund Balance at End of Year	\$ 583,603	\$ 571,755	\$ (11,848)



**CITY OF NEWARK, OHIO**

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***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, 2018***

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COURT CAPITAL IMPROVEMENT FUND			
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines and Forfeitures	\$ 26,200	\$ 30,045	\$ 3,845
Total Revenues	26,200	30,045	3,845
<b>Expenditures:</b>			
Capital Outlay	70,500	18,528	51,972
Total Expenditures	70,500	18,528	51,972
Net Change in Fund Balance	(44,300)	11,517	55,817
Fund Balance at Beginning of Year	420,877	420,877	0
Fund Balance at End of Year	\$ 376,577	\$ 432,394	\$ 55,817

***Fiduciary Funds***

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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***

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**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, 2018**

	Balance December 31, 2017	Additions	Deductions	Balance December 31, 2018
<b><u>Municipal Court Fund</u></b>				
Assets:				
Restricted Assets:				
Cash and Cash Equivalents	\$402,700	\$5,419,798	(\$5,456,263)	\$366,235
Total Assets	\$402,700	\$5,419,798	(\$5,456,263)	\$366,235
Liabilities:				
Intergovernmental Payable	\$235,643	\$3,387,275	(\$3,393,494)	\$229,424
Due to Others	167,057	2,032,523	(2,062,769)	136,811
Total Liabilities	\$402,700	\$5,419,798	(\$5,456,263)	\$366,235
<b><u>Fire Code Fund</u></b>				
Assets:				
Restricted Assets:				
Cash and Cash Equivalents	\$55,903	\$40,513	(\$74,924)	\$21,492
Total Assets	\$55,903	\$40,513	(\$74,924)	\$21,492
Liabilities:				
Due to Others	\$55,903	\$40,513	(\$74,924)	\$21,492
Total Liabilities	\$55,903	\$40,513	(\$74,924)	\$21,492
<b><u>Law Library Fund</u></b>				
Assets:				
Restricted Assets:				
Cash and Cash Equivalents	\$0	\$87,170	(\$87,170)	\$0
Total Assets	\$0	\$87,170	(\$87,170)	\$0
Liabilities:				
Due to Others	\$0	\$87,170	(\$87,170)	\$0
Total Liabilities	\$0	\$87,170	(\$87,170)	\$0
<b><u>Joint Economic Development Zone Fund</u></b>				
Assets:				
Receivables:				
Taxes	\$14,150	\$12,389	(\$14,150)	\$12,389
Restricted Assets:				
Cash and Cash Equivalents	1,548,518	3,289,047	(2,956,842)	1,880,723
Total Assets	\$1,562,668	\$3,301,436	(\$2,970,992)	\$1,893,112
Liabilities:				
Intergovernmental Payable	\$1,562,668	\$3,301,436	(\$2,970,992)	\$1,893,112
Total Liabilities	\$1,562,668	\$3,301,436	(\$2,970,992)	\$1,893,112

(Continued)

**CITY OF NEWARK, OHIO**

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	Balance December 31, 2017	Additions	Deductions	Balance December 31, 2018
<u>Totals - All Agency Funds</u>				
Assets:				
Receivables:				
Taxes	\$14,150	\$12,389	(\$14,150)	\$12,389
Restricted Assets:				
Cash and Cash Equivalents	2,007,121	8,836,528	(8,575,199)	2,268,450
Total Assets	<u>\$2,021,271</u>	<u>\$8,848,917</u>	<u>(\$8,589,349)</u>	<u>\$2,280,839</u>
Liabilities:				
Intergovernmental Payable	\$1,798,311	\$6,688,711	(\$6,364,486)	\$2,122,536
Due to Others	222,960	2,160,206	(2,224,863)	158,303
Total Liabilities	<u>\$2,021,271</u>	<u>\$8,848,917</u>	<u>(\$8,589,349)</u>	<u>\$2,280,839</u>

## *STATISTICAL SECTION*

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

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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***

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<b>Financial Trends</b>	S 2 – S 13
These schedules contain trend information to help the reader understand how the City's financial position has changed over time.	
<b>Revenue Capacity</b>	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.	
<b>Debt Capacity</b>	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.	
<b>Economic and Demographic Information</b>	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.	
<b>Operating Information</b>	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.	
<b>Sources Note:</b>	
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)*

	2009	2010	2011	2012
<b>Governmental Activities:</b>				
Net Investment in Capital Assets	\$41,316,426	\$40,274,220	\$42,258,279	\$42,970,107
Restricted	10,280,743	11,967,071	14,149,111	13,070,091
Unrestricted	5,535,025	1,469,212	2,265,579	2,407,288
Total Governmental Activities Net Position	<u>\$57,132,194</u>	<u>\$53,710,503</u>	<u>\$58,672,969</u>	<u>\$58,447,486</u>
<b>Business-type Activities:</b>				
Net Investment in Capital Assets	\$22,335,180	\$21,621,744	\$20,600,700	\$22,105,075
Unrestricted	1,819,773	4,271,539	6,514,026	5,214,754
Total Business-type Activities Net Position	<u>\$24,154,953</u>	<u>\$25,893,283</u>	<u>\$27,114,726</u>	<u>\$27,319,829</u>
<b>Primary Government:</b>				
Net Investment in Capital Assets	\$63,651,606	\$61,895,964	\$62,858,979	\$65,075,182
Restricted	10,280,743	11,967,071	14,149,111	13,070,091
Unrestricted	7,354,798	5,740,751	8,779,605	7,622,042
Total Primary Government Net Position	<u>\$81,287,147</u>	<u>\$79,603,786</u>	<u>\$85,787,695</u>	<u>\$85,767,315</u>

\*Restated

Source: City Auditor's Office



*City of Newark*

	*			*	
2013	2014	2015	2016	2017	2018
\$46,111,207	\$44,958,995	\$45,289,248	\$45,753,020	\$46,518,880	\$48,075,929
11,903,557	12,518,066	11,989,270	13,304,726	14,563,247	14,481,155
1,671,736	(25,664,425)	(26,854,936)	(28,209,247)	(55,772,637)	(59,022,702)
<u>\$59,686,500</u>	<u>\$31,812,636</u>	<u>\$30,423,582</u>	<u>\$30,848,499</u>	<u>\$5,309,490</u>	<u>\$3,534,382</u>
\$23,693,170	\$23,473,836	\$23,666,267	\$25,890,917	\$27,363,677	\$30,027,197
5,003,115	3,827,754	5,201,729	6,246,617	5,817,214	5,377,583
<u>\$28,696,285</u>	<u>\$27,301,590</u>	<u>\$28,867,996</u>	<u>\$32,137,534</u>	<u>\$33,180,891</u>	<u>\$35,404,780</u>
\$69,804,377	\$68,432,831	\$68,955,515	\$71,643,937	\$73,882,557	\$78,103,126
11,903,557	12,518,066	11,989,270	13,304,726	14,563,247	14,481,155
6,674,851	(21,836,671)	(21,653,207)	(21,962,630)	(49,955,423)	(53,645,119)
<u>\$88,382,785</u>	<u>\$59,114,226</u>	<u>\$59,291,578</u>	<u>\$62,986,033</u>	<u>\$38,490,381</u>	<u>\$38,939,162</u>

# City of Newark

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

	2009	2010	2011
<b>Expenses</b>			
Governmental Activities:			
Security of Persons and Property	\$18,993,822	\$18,825,824	\$17,438,065
Leisure Time Activities	669,024	575,431	560,236
Community Environment	2,984,886	2,666,668	1,958,987
Public Health and Welfare Services	10,329	157,745	217,140
Transportation	6,762,557	5,686,444	5,364,963
General Government	10,430,285	11,671,609	10,283,567
Interest and Fiscal Charges	760,156	787,437	757,878
<i>Total Governmental Activities Expenses</i>	<u>40,611,059</u>	<u>40,371,158</u>	<u>36,580,836</u>
Business-type Activities:			
Water	6,604,911	6,120,509	6,444,744
Sewer	5,941,006	5,238,347	5,568,346
Storm Water	989,162	2,122,819	1,920,374
<i>Total Business-type Activities Expenses</i>	<u>13,535,079</u>	<u>13,481,675</u>	<u>13,933,464</u>
<i>Total Primary Government Expenses</i>	<u><u>\$54,146,138</u></u>	<u><u>\$53,852,833</u></u>	<u><u>\$50,514,300</u></u>
<b>Program Revenues</b>			
Governmental Activities:			
Charges for Services			
Security of Persons and Property	\$3,886,667	\$3,650,730	\$3,346,407
Leisure Time Activities	16,031	0	0
Community Environment	45,885	44,318	62,801
Public Health and Welfare Services	202,895	73,932	138,358
Transportation	142,495	108,475	89,514
General Government	1,131,397	459,996	585,758
Operating Grants and Contributions	5,488,390	5,745,895	7,222,698
Capital Grants and Contributions	184,019	295,531	2,892,903
<i>Total Governmental Activities Program Revenues</i>	<u>11,097,779</u>	<u>10,378,877</u>	<u>14,338,439</u>

*City of Newark*

2012	2013	2014	2015	2016	2017	2018
\$19,288,483	\$17,844,738	\$18,014,306	\$18,199,966	\$20,139,086	\$20,158,136	\$22,014,630
658,305	629,675	864,731	919,417	788,906	805,323	764,096
2,221,036	2,050,028	1,614,911	1,531,206	1,119,922	2,035,280	1,591,011
1,770,199	119,440	186,078	45,062	43,762	20,948	101,517
6,457,578	4,761,118	3,852,334	4,351,212	3,836,428	3,848,797	4,560,561
10,860,659	10,207,273	10,588,687	10,609,273	10,559,036	11,740,626	12,669,608
799,142	812,373	822,031	735,303	961,639	813,720	691,034
<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>	<u>42,392,457</u>
6,670,964	5,729,159	6,019,772	6,402,011	5,852,349	6,289,615	5,908,173
6,660,500	6,000,714	7,370,520	6,158,986	6,491,673	6,573,165	7,481,125
1,721,062	3,002,057	1,844,358	2,693,249	2,542,355	2,275,143	2,849,000
<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>16,238,298</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>	<u>\$58,630,755</u>
\$3,415,217	\$3,063,296	\$3,153,173	\$3,120,520	\$3,149,170	\$3,316,630	\$3,424,525
0	0	0	0	0	0	0
68,149	72,154	101,985	163,450	121,929	284,510	183,207
245,040	108,539	157,337	144,829	162,113	154,577	131,922
109,699	11,657	1,709	0	0	0	0
574,438	650,115	718,048	711,005	709,967	858,659	982,271
9,926,907	6,169,429	4,471,047	4,307,895	4,752,661	5,667,002	4,147,863
290,794	1,081,549	54,406	414,045	995,426	1,274,404	1,881,272
<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>	<u>10,751,060</u>

(Continued)

# City of Newark

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

	2009	2010	2011
Business-type Activities:			
Charges for Services			
Water	5,850,171	6,094,605	6,027,520
Sewer	5,918,464	6,563,274	6,600,685
Storm Water	2,229,720	2,513,032	2,655,588
Capital Grants and Contributions	3,691,191	750,445	0
<i>Total Business-type Activities Program Revenues</i>	<u>17,689,546</u>	<u>15,921,356</u>	<u>15,283,793</u>
<i>Total Primary Government Program Revenues</i>	<u>28,787,325</u>	<u>26,300,233</u>	<u>29,622,232</u>
<b>Net (Expense)/Revenue</b>			
Governmental Activities	(29,513,280)	(29,992,281)	(22,242,397)
Business-type Activities	4,154,467	2,439,681	1,350,329
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$25,358,813)</u>	<u>(\$27,552,600)</u>	<u>(\$20,892,068)</u>
<b>General Revenues and Other Changes in Net Position</b>			
Governmental Activities:			
Property Taxes Levied for:			
General Purposes	\$2,150,345	\$2,126,951	\$2,003,214
Special Purposes	427,084	421,153	398,173
Capital Purposes	251,214	265,668	919,482
Income Taxes	18,845,278	18,880,522	19,440,371
Other Local Taxes	358,197	361,444	496,040
Intergovernmental, Unrestricted	4,214,287	3,554,614	3,099,985
Investment Earnings	369,406	219,412	175,826
Miscellaneous	1,134,938	658,189	540,484
Transfers	938,020	82,637	131,288
<i>Total Governmental Activities</i>	<u>28,688,769</u>	<u>26,570,590</u>	<u>27,204,863</u>
Business-type Activities:			
Investment Earnings	15,908	3,247	2,402
Transfers	(938,020)	(82,637)	(131,288)
<i>Total Business-type Activities</i>	<u>(922,112)</u>	<u>(79,390)</u>	<u>(128,886)</u>
<i>Total Primary Government</i>	<u>\$27,766,657</u>	<u>\$26,491,200</u>	<u>\$27,075,977</u>
<b>Change in Net Position</b>			
Governmental Activities	(\$824,511)	(\$3,421,691)	\$4,962,466
Business-type Activities	3,232,355	2,360,291	1,221,443
<i>Total Primary Government Change in Net Position</i>	<u>\$2,407,844</u>	<u>(\$1,061,400)</u>	<u>\$6,183,909</u>

Source: City Auditor's Office

*City of Newark*

2012	2013	2014	2015	2016	2017	2018
6,217,554	6,570,928	6,212,924	6,294,557	6,656,234	6,797,182	6,577,349
6,742,077	6,871,755	7,419,978	7,653,112	8,374,932	8,404,935	8,616,054
2,728,525	2,806,031	2,769,820	2,871,602	2,853,724	2,998,433	3,021,441
0	350,000	0	0	507,805	422,221	247,343
15,688,156	16,598,714	16,402,722	16,819,271	18,392,695	18,622,771	18,462,187
30,318,400	27,755,453	25,060,427	25,681,015	28,283,961	30,178,553	29,213,247
(27,425,158)	(25,267,906)	(27,285,373)	(27,529,695)	(27,557,513)	(27,867,048)	(31,641,397)
635,630	1,866,784	1,168,072	1,565,025	3,506,318	3,484,848	2,223,889
<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>	<u>(\$29,417,508)</u>
\$2,037,865	\$2,079,535	\$2,100,858	\$2,040,628	\$2,055,097	\$2,053,021	\$2,229,854
403,724	411,562	416,520	404,872	408,316	407,838	443,700
740,590	662,390	428,807	594,079	446,815	1,394,237	851,596
20,287,028	19,435,197	20,092,754	20,454,357	22,318,619	22,471,820	23,055,696
476,211	503,408	420,782	514,057	515,033	652,430	416,577
2,231,124	2,075,599	1,542,244	1,566,000	1,482,292	1,515,622	1,552,058
168,953	132,177	149,711	67,376	169,378	224,875	399,347
417,356	715,301	867,854	499,272	349,426	653,133	917,461
436,824	491,751	(5,376)	0	237,454	0	0
27,199,675	26,506,920	26,014,154	26,140,641	27,982,430	29,372,976	29,866,289
6,297	1,423	901	1,381	674	0	0
(436,824)	(491,751)	5,376	0	(237,454)	0	0
(430,527)	(490,328)	6,277	1,381	(236,780)	0	0
<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>	<u>\$29,866,289</u>
(\$225,483)	\$1,239,014	(\$1,271,219)	(\$1,389,054)	\$424,917	\$1,505,928	(\$1,775,108)
205,103	1,376,456	1,174,349	1,566,406	3,269,538	3,484,848	2,223,889
<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>	<u>\$448,781</u>

**City of Newark**

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

	2009	2010	2011	2012
General Fund				
Nonspendable	\$0	\$0	\$115,987	\$117,771
Assigned	0	0	534,701	1,300,983
Unassigned	0	0	3,752,273	2,501,691
Reserved	580,093	570,773	0	0
Unreserved	<u>2,403,167</u>	<u>1,774,282</u>	<u>0</u>	<u>0</u>
<i>Total General Fund</i>	<u>2,983,260</u>	<u>2,345,055</u>	<u>4,402,961</u>	<u>3,920,445</u>
All Other Governmental Funds				
Nonspendable	\$0	\$0	\$4,903,304	\$231,351
Restricted	0	0	8,042,449	12,053,339
Unassigned	0	0	(755,421)	(558,807)
Reserved	2,542,594	3,989,848	0	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	2,850,367	3,858,783	0	0
Capital Projects Funds	<u>(211,166)</u>	<u>331,383</u>	<u>0</u>	<u>0</u>
Total All Other Governmental Funds	<u>5,181,795</u>	<u>8,180,014</u>	<u>12,190,332</u>	<u>11,725,883</u>
<i>Total Governmental Funds</i>	<u><u>\$8,165,055</u></u>	<u><u>\$10,525,069</u></u>	<u><u>\$16,593,293</u></u>	<u><u>\$15,646,328</u></u>

Source: City Auditor's Office

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

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*City of Newark*

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2013	2014	2015	2016	2017	2018
\$122,904	\$121,858	\$132,563	\$266,770	\$196,622	\$567,872
2,298,246	1,365,840	1,720,745	3,636,716	4,188,425	4,118,113
1,095,173	1,230,500	1,840,280	998,691	2,080,002	2,061,352
0	0	0	0	0	0
0	0	0	0	0	0
3,516,323	2,718,198	3,693,588	4,902,177	6,465,049	6,747,337
\$187,475	\$257,886	\$346,364	\$388,325	\$493,257	\$419,950
10,966,671	11,722,819	10,932,039	11,083,187	10,997,736	12,264,640
(1,044,814)	(2,422,355)	(6,272,292)	(860,510)	(239,683)	(88,785)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
10,109,332	9,558,350	5,006,111	10,611,002	11,251,310	12,595,805
\$13,625,655	\$12,276,548	\$8,699,699	\$15,513,179	\$17,716,359	\$19,343,142

**City of Newark**

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

	2009	2010	2011	2012
<b>Revenues:</b>				
Taxes	\$21,995,412	\$22,138,933	\$23,235,579	\$23,598,538
Intergovernmental Revenues	9,778,082	10,267,862	11,112,100	12,475,770
Charges for Services	2,484,063	2,289,390	2,114,800	2,102,342
Licenses, Permits and Fees	739,218	63,204	136,677	65,196
Investment Earnings	362,306	217,555	170,071	161,787
Special Assessments	39,295	27,635	25,439	7,703
Fines and Forfeitures	2,134,239	2,056,603	1,948,006	2,101,869
All Other Revenue	1,134,938	658,189	540,484	417,356
<b>Total Revenue</b>	<b>38,667,553</b>	<b>37,719,371</b>	<b>39,283,156</b>	<b>40,930,561</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	18,299,201	18,207,565	17,582,231	18,462,490
Public Health and Welfare Services	7,911	140,923	200,044	1,751,877
Leisure Time Activities	616,513	575,431	560,236	652,138
Community Environment	3,171,385	2,549,523	1,940,710	2,160,549
Transportation	4,886,329	3,936,324	3,981,510	4,377,197
General Government	9,770,565	9,774,503	10,750,798	10,259,639
Capital Outlay	4,123,220	2,460,005	2,983,077	3,614,008
Debt Service:				
Principal Retirement	535,000	550,000	751,726	894,321
Interest and Fiscal Charges	705,764	722,471	665,800	736,336
<b>Total Expenditures</b>	<b>42,115,888</b>	<b>38,916,745</b>	<b>39,416,132</b>	<b>42,908,555</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,448,335)	(1,197,374)	(132,976)	(1,977,994)



*City of Newark*

2013	2014	2015	2016	2017	2018
\$23,209,071	\$23,321,413	\$24,195,781	\$25,361,800	\$26,134,290	\$27,775,775
9,742,262	6,188,662	6,167,868	6,940,541	7,443,663	5,797,645
1,989,940	2,141,130	2,150,036	2,053,101	2,190,529	2,399,404
75,781	83,409	76,249	100,507	91,611	79,200
124,176	146,950	74,259	154,274	224,875	161,137
6,843	6,828	50	2	0	0
1,829,655	1,884,913	1,898,252	1,828,543	2,228,701	2,340,202
715,301	867,854	499,272	349,426	653,133	917,461
37,693,029	34,641,159	35,061,767	36,788,194	38,966,802	39,470,824
17,586,636	17,441,213	16,720,295	17,259,586	18,107,047	18,651,001
119,440	186,078	45,062	43,762	20,948	101,517
687,552	746,428	698,450	697,623	700,726	734,646
2,140,823	1,569,877	1,322,320	1,165,793	2,013,552	1,507,747
3,433,453	2,059,898	2,876,635	2,928,693	2,829,130	2,801,536
9,959,941	10,641,150	9,846,419	10,125,574	10,750,798	11,015,426
4,701,957	2,205,873	5,843,235	1,684,548	2,712,621	3,907,035
1,018,701	685,592	1,099,074	2,917,820	2,321,987	1,450,940
725,068	732,569	623,997	789,126	835,862	731,432
40,373,571	36,268,678	39,075,487	37,612,525	40,292,671	40,901,280
(2,680,542)	(1,627,519)	(4,013,720)	(824,331)	(1,325,869)	(1,430,456)

(Continued)

**City of Newark**

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

	2009	2010	2011	2012
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	0	42,975
Other Financing Sources - Capital Leases	0	718,698	319,820	350,000
State Infrastructure Bank Loan	1,021,359	162,954	191,560	738,339
Premium on Bond Issuance	0	0	0	0
General Obligation Bonds Issued	0	1,710,000	1,200,000	0
Refunding General Obligation Bonds Issued	0	0	0	0
Long Term Note Issuance	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
OPWC Loan Issuance	0	0	0	0
Transfers In	21,370,773	19,675,687	4,469,758	2,915,010
Transfers Out	(20,432,753)	(18,793,050)	(4,113,653)	(2,862,443)
<b>Total Other Financing Sources (Uses)</b>	<b>1,959,379</b>	<b>3,474,289</b>	<b>2,067,485</b>	<b>1,183,881</b>
<b>Net Change in Fund Balance</b>	<b>(\$1,488,956)</b>	<b>\$2,276,915</b>	<b>\$1,934,509</b>	<b>(\$794,113)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>3.26%</b>	<b>3.40%</b>	<b>3.91%</b>	<b>4.11%</b>

Source: City Auditor's Office

*City of Newark*

2013	2014	2015	2016	2017	2018
8,372	48,375	46,971	46,350	54,650	54,766
73,900	0	291,575	465,000	453,494	1,292,500
52,516	0	0	0	0	1,084,411
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	0	0	0	0	1,125,000
0	(7,945,049)	0	0	(936,200)	0
600,000	0	0	3,277	381,723	0
3,031,308	2,628,597	2,377,818	2,269,546	2,560,274	3,221,094
(3,065,058)	(2,633,973)	(2,377,818)	(2,786,806)	(2,560,274)	(3,601,788)
701,038	210,644	338,546	7,461,855	3,495,682	3,175,983
(\$1,979,504)	(\$1,416,875)	(\$3,675,174)	\$6,637,524	\$2,169,813	\$1,745,527
4.98%	4.16%	5.10%	10.75%	8.75%	5.87%

## ***City of Newark***

### *Income Tax Revenues by Source, Governmental Funds Last Ten Years*

<b>Tax year</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Income Tax Rate	1.75%	1.75%	1.75%	1.75%	1.75%
Total Tax Collected	\$18,880,102	\$18,775,403	\$19,380,456	\$19,985,479	\$19,882,043
Income Tax Receipts					
Withholding	15,034,690	14,871,975	15,394,159	15,734,408	15,722,081
Percentage	79.63%	79.21%	79.43%	78.73%	79.08%
Corporate	1,264,276	1,389,251	1,407,060	1,645,186	1,564,374
Percentage	6.70%	7.40%	7.26%	8.23%	7.87%
Individuals	2,581,136	2,514,176	2,579,238	2,605,886	2,595,588
Percentage	13.67%	13.39%	13.31%	13.04%	13.05%

Source: City Income Tax Department

*City of Newark*

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2014	2015	2016	2017	2018
1.75%	1.75%	1.75%	1.75%	1.75%
\$19,872,041	\$20,403,273	\$22,185,993	\$22,420,314	\$22,942,923
15,751,140	16,173,959	17,181,295	17,423,474	17,935,810
79.26%	79.28%	77.44%	77.71%	78.18%
1,494,229	1,484,316	1,827,124	2,084,361	2,106,287
7.52%	7.27%	8.24%	9.30%	9.18%
2,626,672	2,744,998	3,177,574	2,912,479	2,900,826
13.22%	13.45%	14.32%	12.99%	12.64%



# City of Newark

## Income Tax Statistics Current Year and Nine Years Ago

### Calendar Year 2018

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%	\$10,162,494	1.46%	\$177,844	1.46%
All Others	16,073	99.94%	685,649,013	98.54%	11,998,858	98.54%
Total	16,083	100.00%	695,811,507	100.00%	\$12,176,702	100.00%

### Calendar Year 2009

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%	\$32,396,495	4.54%	\$566,939	4.54%
All Others	16,881	99.94%	680,550,852	95.46%	11,909,640	95.46%
Total	16,891	100.00%	\$712,947,347	100.00%	\$12,476,579	100.00%

Source: City Income Tax Department

# City of Newark

## Ratios of Outstanding Debt By Type Last Ten Years

	2009	2010	2011	2012
<b>Governmental Activities</b> <sup>(1)</sup>				
General Obligation Bonds Payable	\$14,074,991	\$15,234,991	\$15,759,991	\$15,039,991
Ohio Public Works Commission Loan Payable	0	0	0	0
Capital Leases	2,253,763	2,218,696	2,001,395	1,794,187
ODOT State Infrastructure Bank Loans	1,021,359	1,184,313	1,299,147	1,863,165
<b>Business-type Activities</b> <sup>(1)</sup>				
General Obligation Bonds Payable	\$7,333,753	\$6,506,120	\$7,145,172	\$11,268,626
Ohio Water Development Authority Loans Payable	12,687,667	22,899,357	25,580,376	27,158,821
Ohio Public Works Commission Loans Payable	1,119,535	1,049,964	980,393	910,822
ODOT State Infrastructure Bank Loans	0	0	0	0
Special Assessment Bonds Payable	25,644	20,516	15,388	10,260
Capital Leases	362,395	319,995	275,901	230,049
<b>Total Primary Government</b>	<b>\$38,879,107</b>	<b>\$49,433,952</b>	<b>\$53,057,763</b>	<b>\$58,275,921</b>
<b>Population</b> <sup>(2)</sup>				
City of Newark	46,279	47,537	47,537	47,537
Outstanding Debt Per Capita	\$840	\$1,040	\$1,116	\$1,226
<b>Income</b> <sup>(3)</sup>				
Personal (in thousands)	\$1,581,029	\$1,648,155	\$1,782,210	\$1,894,349
Percentage of Personal Income	2.46%	3.00%	2.98%	3.08%

### 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 2017, for the presentation of 2018 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*

2013	2014	2015	2016	2017	2018
\$14,854,203	\$14,873,212	\$14,182,321	\$19,153,042	\$19,841,317	\$18,832,762
600,000	600,000	585,000	558,277	910,000	830,750
1,397,398	905,528	802,766	835,963	1,018,577	2,088,567
1,651,980	1,371,388	1,082,314	784,505	2,556,436	3,229,157
\$13,798,821	\$12,332,636	\$10,796,376	\$9,244,510	\$7,902,115	\$6,194,630
32,630,272	33,729,939	37,218,169	39,331,720	47,169,828	49,099,957
1,673,341	1,562,166	1,450,991	1,339,816	1,228,641	1,117,466
0	0	0	0	2,344,115	2,776,277
5,132	0	0	0	0	0
285,659	202,691	116,710	27,607	0	0
<u>\$66,896,806</u>	<u>\$65,577,560</u>	<u>\$66,234,647</u>	<u>\$71,275,440</u>	<u>\$82,971,029</u>	<u>\$84,169,566</u>
47,537	47,537	47,537	47,537	47,537	47,537
\$1,407	\$1,380	\$1,393	\$1,499	\$1,745	\$1,771
\$1,837,685	\$1,897,962	\$1,983,576	\$2,006,870	\$2,006,870	\$2,006,870
3.64%	3.46%	3.34%	3.55%	4.13%	4.19%

# *City of Newark*

## *Ratios of General Bonded Debt Outstanding Last Ten Years*

Year	2009	2010	2011	2012
<b>Population</b> (1)	46,279	47,537	47,537	47,537
<b>Personal Income</b> (2)	\$1,581,029,477	\$1,648,155,327	\$1,782,209,667	\$1,894,349,450
<b>General Bonded Debt</b>				
General Obligation Bonds	\$21,408,744	\$21,741,111	\$22,905,163	\$26,308,617
<b>Resources Available to Pay Principal</b>	\$8,059	\$18,749	\$166,935	\$391,186
<b>Net General Bonded Debt</b>	\$21,400,685	\$21,722,362	\$22,738,228	\$25,917,431
<b>Ratio of Net Bonded Debt to Personal Income</b>	1.35%	1.32%	1.28%	1.37%
<b>Net Bonded Debt per Capita</b>	\$462.43	\$456.96	\$478.33	\$545.21

**Sources:**

- (1) U.S. Bureau of Census of Population
- (2) U.S. Department of Commerce, Bureau of Economic Analysis information is only available through 2017, for the presentation of 2018 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*

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2013	2014	2015	2016	2017	2018
47,537	47,537	47,537	47,537	47,537	47,537
\$1,837,685,346	\$1,897,962,262	\$1,983,576,399	\$2,006,869,529	\$2,006,869,529	\$2,006,869,529
\$28,653,024	\$27,205,848	\$24,978,697	\$28,397,552	\$27,743,432	\$25,027,392
\$699,446	\$1,585,501	\$1,368,476	\$1,207,458	\$1,118,394	\$1,017,064
\$27,953,578	\$25,620,347	\$23,610,221	\$27,190,094	\$26,625,038	\$24,010,328
1.52%	1.35%	1.19%	1.35%	1.33%	1.20%
\$588.04	\$538.96	\$496.67	\$571.98	\$560.09	\$505.09



## ***City of Newark***

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
December 31, 2018*

<b>Jurisdiction</b>	<b>Gross Debt Outstanding</b>	<b>Percentage Applicable to the City of Newark (1)</b>	<b>Amount Applicable to the City of Newark</b>
<b>Direct:</b>			
City of Newark	\$24,981,236	100.00%	\$24,981,236
<b>Overlapping:</b>			
Career and Technology Education Center	3,155,000	17.18%	542,029
Newark City Schools	44,977,631	92.03%	41,392,914
Licking County	31,391,830	18.91%	5,936,195
		Subtotal	47,871,138
		Total	\$72,852,374

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	2009	2010	2011	2012
<b>Total Debt</b>				
Net Assessed Valuation	\$789,272,045	\$799,841,220	\$803,775,990	\$804,198,160
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	82,873,565	83,983,328	84,396,479	84,440,807
City Debt Outstanding (2)	12,214,991	11,859,991	12,529,991	14,159,991
Less: Applicable Debt Service Fund Amounts	(8,059)	(18,749)	(166,935)	(391,186)
Net Indebtedness Subject to Limitation	12,206,932	11,841,242	12,363,056	13,768,805
Overall Legal Debt Margin	<u>\$70,666,633</u>	<u>\$72,142,086</u>	<u>\$72,033,423</u>	<u>\$70,672,002</u>
Debt Margin as a Percentage of Debt Limit	85.27%	85.90%	85.35%	83.69%
<b>Unvoted Debt</b>				
Net Assessed Valuation	\$789,272,045	\$799,841,220	\$803,775,990	\$804,198,160
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	43,409,962	43,991,267	44,207,679	44,230,899
City Debt Outstanding (2)	12,214,991	11,859,991	12,529,991	14,159,991
Less: Applicable Debt Service Fund Amounts	(8,059)	(18,749)	(166,935)	(391,186)
Net Indebtedness Subject to Limitation	12,206,932	11,841,242	12,363,056	13,768,805
Overall Legal Debt Margin	<u>\$31,203,030</u>	<u>\$32,150,025</u>	<u>\$31,844,623</u>	<u>\$30,462,094</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*

2013	2014	2015	2016	2017	2018
\$811,606,160	\$799,885,660	\$770,883,080	\$776,258,520	\$843,197,460	\$845,262,340
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
85,218,647	83,987,994	80,942,723	81,507,145	88,535,733	88,752,546
14,809,991	19,329,991	19,008,515	18,372,230	18,086,000	18,350,000
(699,446)	(1,585,501)	(1,368,476)	(1,207,458)	(1,118,394)	(1,017,064)
14,110,545	17,744,490	17,640,039	17,164,772	16,967,606	17,332,936
\$71,108,102	\$66,243,504	\$63,302,684	\$64,342,373	\$71,568,127	\$71,419,610
83.44%	78.87%	78.21%	78.94%	80.84%	80.47%
\$811,606,160	\$799,885,660	\$770,883,080	\$776,258,520	\$843,197,460	\$845,262,340
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
44,638,339	43,993,711	42,398,569	42,694,219	46,375,860	46,489,429
14,809,991	19,329,991	19,008,515	18,372,230	18,086,000	18,350,000
(699,446)	(1,585,501)	(1,368,476)	(1,207,458)	(1,118,394)	(1,017,064)
14,110,545	17,744,490	17,640,039	17,164,772	16,967,606	17,332,936
\$30,527,794	\$26,249,221	\$24,758,530	\$25,529,447	\$29,408,254	\$29,156,493

# *City of Newark*

## *Pledged Revenue Coverage Last Ten Years*

	2009	2010	2011	2012	2013
<b>Special Assessment Bonds (1)</b>					
Special Assessment Collections	\$6,725	\$6,245	\$6,525	\$7,254	\$6,725
Debt Service					
Principal	5,128	5,128	5,128	5,128	5,128
Interest	1,462	1,218	974	730	488
Coverage	1.02	0.98	1.07	1.24	1.20
<b>Tax Increment Financing (TIF) (2)</b>					
Payment in Lieu of Taxes	\$163,200	\$164,491	\$170,495	\$232,252	\$166,819
Debt Service					
Principal	85,000	85,000	90,000	95,000	100,000
Interest	103,132	99,732	96,332	92,732	88,932
Coverage	0.87	0.89	0.92	1.24	0.88
<b>Tax Increment Financing (TIF) (3)</b>					
Payment in Lieu of Taxes	\$88,014	\$97,264	\$99,659	\$108,302	\$107,079
Debt Service					
Principal	45,000	45,000	55,000	55,000	55,000
Interest	44,992	43,304	41,616	39,554	37,492
Coverage	0.98	1.10	1.03	1.15	1.16

(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***

2014	2015	2016	2017	2018
\$6,529	\$0	\$0	\$0	\$0
5,132	0	0	0	0
244	0	0	0	0
1.21	0.00	0.00	0.00	0.00
\$25,587	\$69,405	\$0	\$0	\$808,083
100,000	105,000	120,000	125,000	125,000
84,932	80,932	87,640	46,550	44,050
0.14	0.37	0.00	0.00	4.78
\$111,712	\$112,753	\$114,903	\$102,364	\$157,075
55,000	55,000	60,000	65,000	65,000
35,428	33,366	31,304	29,054	26,454
1.24	1.28	1.26	1.09	1.72

# *City of Newark*

## *Demographic and Economic Statistics Last Ten Years*

Calendar Year	2009	2010	2011	2012	2013
<b>Population</b> (1)					
City of Newark	46,279	47,537	47,537	47,537	47,537
Licking County	154,806	166,492	166,492	166,492	166,492
<b>Income</b> (2) (a)					
Total Personal (in thousands)	\$1,581,029	\$1,648,155	\$1,782,210	\$1,894,349	\$1,837,685
Per Capita	\$34,163	\$34,671	\$37,491	\$39,850	\$38,658
<b>Unemployment Rate</b> (3)					
Federal	9.7%	8.9%	8.9%	7.8%	7.4%
State	10.2%	8.5%	8.6%	6.7%	7.4%
Licking County	11.1%	8.7%	8.0%	6.5%	6.9%
<b>Civilian Work Force Estimates</b> (3)					
State	5,979,100	5,989,150	5,806,500	5,740,900	5,704,000
Licking County	85,700	86,700	84,400	84,829	85,800

### **Sources:**

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

(2) U.S. Department of Commerce, Bureau of Economic Analysis information is only available through 2017, for the presentation of 2018 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*

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2014	2015	2016	2017	2018
47,537	47,537	47,537	47,537	47,537
166,492	166,492	166,492	166,492	166,492
\$1,897,962	\$1,983,576	\$2,006,870	\$2,006,870	\$2,006,870
\$39,926	\$41,727	\$42,217	\$42,217	\$42,217
5.6%	5.3%	4.9%	4.1%	3.8%
5.1%	4.9%	4.9%	4.3%	4.5%
4.1%	4.2%	4.3%	3.8%	3.9%
5,726,000	5,731,000	5,788,000	5,778,000	5,783,000
87,900	88,400	87,900	90,300	90,600



# City of Newark

## Principal Employers Current Year and Nine Years Ago

		2018	
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	916	4
Anomatic	Metal Finishers	912	5
OSUN/COTC	Education	799	6
Park National Bank	Banking	566	7
Owens Corning	Fiberglass Insulation	559	8
Kroger	Grocery Retail	499	9
City of Newark	Government	394	10
Total		9,059	
Total Employment within the City (1)		N/A	

		2009	
Employer	Nature of Business	Number of Employees	Rank
Licking Memorial Health Sys.	Hospital	1,130	1
Licking County	Government	1,124	2
Anomatic	Metal Finishings	960	3
Newark City Schools	School District	948	4
State Farm	Insurance	900	5
OSUN/COTC	Education	900	6
Meijer, Inc.	Retail	700	7
Walmart	Retail	695	8
Owens Corning	Fiberglass Insulation	590	9
Longaberger Corporation	Decorative Basket Manufacture	480	10
Total		8,427	
Total Employment within the City		18,021	

(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*

	2009	2010	2011	2012	2013
<b>Governmental Activities</b>					
General Government					
Finance	19.00	19.00	19.00	19.00	19.00
Legal/Court	51.00	51.00	51.00	51.00	50.00
Administration	29.00	29.00	29.00	29.00	29.00
Maintenance	16.00	16.00	16.00	16.00	16.00
Security of Persons and Property					
Police	104.00	103.00	105.00	105.00	104.00
Fire	88.00	87.00	88.00	88.00	88.00
Transportation					
Street	29.00	28.00	28.00	28.00	28.00
Leisure Time Activities					
Recreation/Seniors	16.00	16.00	15.00	15.00	14.00
Community Environment	40.00	40.00	40.00	40.00	40.00
Community Development	9.00	9.00	11.00	9.00	5.00
<b>Business-Type Activities</b>					
Utilities					
Water	44.00	44.00	44.00	44.00	44.00
Sewer	25.00	25.00	25.00	25.00	25.00
Storm Water	3.00	3.00	3.00	3.00	3.00
<i>Total Employees</i>	<u>473.00</u>	<u>470.00</u>	<u>474.00</u>	<u>472.00</u>	<u>465.00</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*

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<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
19.00	18.00	18.00	16.00	16.00
50.00	46.00	42.00	40.00	40.00
29.00	27.00	26.00	26.00	26.00
16.00	16.00	16.00	16.00	16.00
104.00	96.00	77.00	77.00	77.00
88.00	87.00	80.00	80.00	79.00
28.00	25.00	25.00	24.00	23.00
14.00	14.00	12.00	12.00	12.00
40.00	30.00	30.00	30.00	30.00
5.00	4.00	4.00	3.00	3.00
46.00	41.00	41.00	41.00	41.00
29.00	26.00	26.00	26.00	26.00
3.00	3.00	3.00	3.00	3.00
<u>471.00</u>	<u>433.00</u>	<u>400.00</u>	<u>394.00</u>	<u>392.00</u>

# *City of Newark*

## *Operating Indicators by Function Last Ten Years*

	2009	2010	2011	2012	2013
<b>Governmental Activities</b>					
General Government					
Court					
Number of Traffic Cases	3,922	3,999	4,021	3,912	3,936
Licenses and Permits					
Number of Building Permits	450	437	444	453	450
Security of Persons and Property					
Police					
Number of Citations Issued	2,353	2,453	2,503	2,516	2,614
Number of Arrests	1,702	1,767	1,802	1,811	1,896
Fire					
Number of Fire Calls	6,316	6,288	6,334	6,111	5,921
Number of EMS Runs	6,998	7,002	7,253	7,310	7,412
Transportation					
Street					
Number of Streets Resurfaced	35	36	35	34	35
Community Environment					
Number of Code Violations	5	N/A	N/A	N/A	N/A
<b>Business-Type Activities</b>					
Water					
Number of Service Connections	20,543	20,777	20,827	20,888	20,897
Water Main Breaks	38	44	32	36	35
Daily Average Consumption (thousands of gallons)	8.9M	9.0M	9.0M	9.1M	9.2M
Sewer					
Number of Service Connections	18,723	18,798	18,842	18,911	18,925
Daily Average Sewage Treatment (thousands of gallons)	8.4M	8.5M	8.6M	8.7M	8.8M

Source: City Auditor's Office



***City of Newark***

2014	2015	2016	2017	2018
4,002	4,121	4,020	4,101	4,109
452	370	401	486	384
2,725	2,814	2,874	2,922	3,004
1,915	2,019	2,088	2,093	2,111
5,411	5,466	5,461	5,516	5,501
7,501	7,618	7,701	7,814	7,995
39	32	34	32	31
N/A	N/A	N/A	N/A	N/A
20,902	20,911	20,901	20,920	20,923
39	44	58	61	70
9.3M	9.4M	9.4M	9.4M	9.4M
18,999	19,122	19,119	19,206	19,214
8.9M	8.9M	8.9M	8.9M	8.9M

# *City of Newark*

## *Capital Asset Statistics by Function Last Ten Years*

	2009	2010	2011	2012	2013
<b>Governmental Activities</b>					
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	23	24	24	24
Fire					
Stations	4	4	4	4	4
Vehicles	20	22	22	22	22
Transportation					
Street					
Streets (lane miles)	228	228	228	228	228
Traffic Signals	3,342	3,344	3,346	3,348	3,348
Vehicles	39	40	41	42	42
Leisure Time Activities					
Recreation/Seniors					
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
<b>Business-Type Activities</b>					
Utilities					
Water					
Waterlines (Miles)	203	204	204	204	204
Number of Hydrants	288	290	291	291	291
Sewer					
Sewer lines (Miles)	191	192	194	194	194
Lift Stations	10	10	10	10	10
Storm Water Drainage					
Storm Drains (Miles)	110	115	117	117	117
Number of Catch Basins	4,494	4,504	4,508	4,529	4,529

Source: City Auditor's Office

*City of Newark*

2014	2015	2016	2017	2018
459	459	459	459	459
29	29	29	29	29
1	1	1	1	1
24	24	24	25	26
4	4	4	4	4
22	23	23	23	23
228	228	228	228	228
3,348	3,351	3,351	3,354	3,355
42	42	42	43	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	205	205	205	205
291	292	292	292	292
194	194	194	195	195
10	10	10	10	10
119	120	120	121	121
4,533	4,536	4,536	4,540	4,549

