



Rea & associates *a brighter way*

# Newark City School District Licking County, Ohio

*Reports Issued Pursuant to  
Government Auditing Standards  
And OMB Circular A-133*

For the Fiscal Year Ended  
June 30, 2015





# Dave Yost • Auditor of State

Board of Education  
Newark City School District  
621 Mount Vernon Road  
Newark, Ohio 43055

We have reviewed the *Independent Auditor's Report* of the Newark City School District, Licking County, prepared by Rea & Associates, Inc., for the audit period July 1, 2014 through June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Newark City School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

February 2, 2016

**This page intentionally left blank.**

**Newark City School District**  
**Licking County, Ohio**  
*Table of Contents*  
*June 30, 2015*

	<i>Page</i>
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards .....	1
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 .....	3
Schedule of Expenditures of Federal Awards .....	6
Notes to Schedule of Expenditures of Federal Awards .....	7
Schedule of Findings and Questioned Costs .....	8
Schedule of Prior Audit Findings .....	9

**This page intentionally left blank.**

November 30, 2015

To the Board of Education  
Newark City School District  
Licking County, Ohio  
621 Mount Vernon Road  
Newark, OH 43055

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Newark City School District, Licking County, Ohio (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 30, 2015, in which we noted the District restated net position to account for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hea & Associates, Inc.*

Dublin, Ohio



November 30, 2015

To the Board of Education  
Newark City School District  
Licking County, Ohio  
621 Mount Vernon Road  
Newark, OH 43055

**Independent Auditor's Report on Compliance for Each Major Federal Program;  
Report on Internal Control over Compliance; and Report on the Schedule of  
Expenditures of Federal Awards Required by OMB Circular A-133**

**Report on Compliance for Each Major Federal Program**

We have audited Newark City School District's, Licking County, Ohio (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

**Report on Internal Control over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the District as of and for the year ended June 30, 2015, and have issued our report thereon dated November 30, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Hea & Associates, Inc.*

Dublin, Ohio

**Newark City School District**  
**Licking County, Ohio**  
*Schedule of Expenditures of Federal Awards*  
*For the Fiscal Year Ended June 30, 2015*

Federal Grantor/Pass Through Grantor Program Title	Grant Year/ Direct Award No.	CFDA Number	Federal Receipts	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	2014	84.010	\$ 105,887	\$ 222,275
Title I Grants to Local Educational Agencies	2015	84.010	2,346,385	2,253,694
Total Title I Grants			2,452,272	2,475,969
<i>Special Education Cluster:</i>				
Special Education - Grants to States	2014	84.027	190,258	168,540
Special Education - Grants to States	2015	84.027	1,443,546	1,431,643
Total Special Education - Grants to States			1,633,804	1,600,183
Special Education - Preschool Grants	2014	84.173	321	2,111
Special Education - Preschool Grants	2015	84.173	33,147	31,481
Total Special Education - Preschool Grants			33,468	33,592
<i>Total Special Education Cluster</i>			1,667,272	1,633,775
21st Century Community Learning Centers	2014	84.287	3,682	3,724
21st Century Community Learning Centers	2015	84.287	200,000	198,795
Total 21st Century Community Learning Centers			203,682	202,519
Title II-A - Improving Teacher Quality	2014	84.367	55,874	54,116
Title II-A - Improving Teacher Quality	2015	84.367	350,168	336,884
Total Title II-A - Improving Teacher Quality			406,042	391,000
ARRA - Race to the Top Incentive Grants	2015	84.395	0	711
<b>Total U.S. Department of Education</b>			<b>\$ 4,729,268</b>	<b>\$ 4,703,974</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education:</i>				
<i>Child Nutrition Cluster:</i>				
<i>Non-Cash Assistance (Food Distribution):</i>				
National School Lunch Program	2015	10.555	\$ 179,896	179,896
<i>Cash Assistance:</i>				
School Breakfast Program	2015	10.553	405,354	405,354
National School Lunch Program	2015	10.555	1,670,971	1,670,971
<i>Cash Assistance Subtotal</i>			2,076,325	2,076,325
<i>Total Child Nutrition Cluster</i>			2,256,221	2,256,221
<b>Total U.S. Department of Agriculture</b>			<b>2,256,221</b>	<b>2,256,221</b>
<b>TOTAL FEDERAL ASSISTANCE</b>			<b>\$ 6,985,489</b>	<b>\$ 6,960,195</b>

See accompanying notes to this schedule

**Newark City School District**  
**Licking County, Ohio**  
*Notes to the Schedule of Expenditures of Federal Awards*  
*For the Fiscal Year Ended June 30, 2015*

---

**Note A – Significant Accounting Policies**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) reports the federal award programs’ receipts and disbursements. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

**Note B – Commingled Funds**

Federal money is commingled with state subsidy reimbursements for the Child Nutrition Cluster. It is assumed federal moneys are expended first.

**Note C – Food Donation Program**

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance and related expenditures are reported in this schedule at the value of the commodities received as assessed by the U.S. Department of Agriculture (entitlement value).

**Note D – Ohio Bureau of Workers’ Compensation Rebate**

Ohio’s workers’ compensation system serves as an insurance program for both employers and employees alike. For those who contribute premiums, the Ohio Bureau of Workers’ Compensation (BWC) covers the payment of compensation and medical costs related to industrial accidents and diseases. In 2014, the Ohio BWC Board of Directors authorized a \$1 billion rebate to 3,800 local governments and 184,000 private sector employers paying into Ohio’s workers’ compensation system. Each employer’s rebate reflected 60% of what they were billed during the last policy period (2012 calendar year for public-taxing districts). Using policy year 2012 as the base year for calculation, the District allocated its BWC rebate back to all funds, including federal funds, providing the source of initial premium payments to BWC. The subsequent expenditure of the rebate attributable to federal programs is reflected on the District’s *Schedule of Expenditures of Federal Awards*.

**Note E – Transfers between Program Years**

The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30<sup>th</sup> and spent by September 30<sup>th</sup>). However, with ODE’s approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the School District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year’s activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2015, the Ohio Department of Education (ODE) authorized the following transfers:

<u>CFDA Number</u>	<u>Program Title</u>	<u>Program Year</u>	<u>Transfer Out</u>	<u>Transfer In</u>
84.027	Special Education - Grants to States	2014	\$ 69	
84.027	Special Education - Grants to States	2015		\$ 69

**Newark City School District**  
**Licking County, Ohio**  
*Schedule of Findings and Questioned Costs*  
*OMB Circular A-133, Section .505*  
*June 30, 2015*

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
--

(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other significant deficiency conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Was there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other significant deficiencies reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unmodified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list): Child Nutrition Cluster School Breakfast Program National School Lunch Program  Title I	CFDA #  10.553 10.555  84.010
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	No

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

None

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
--

None

**Newark City School District**  
**Licking County, Ohio**  
*Schedule of Prior Audit Findings*  
*OMB Circular A-133, Section .315(b)*  
*June 30, 2015*

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Corrected, Significantly Different Corrective Action Taken or Finding No Longer Valid Explain</b>
2014-001	Internal Controls over Financial Reporting	Yes	

**This page intentionally left blank.**





# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ending June 30, 2015





**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

OF THE

**NEWARK CITY  
SCHOOL DISTRICT**

FOR THE

**FISCAL YEAR ENDED JUNE 30, 2015**

**PREPARED BY  
TREASURER'S DEPARTMENT  
JEFFREY A. ANDERSON, TREASURER**

**621 MOUNT VERNON ROAD**

**NEWARK, OHIO 43055**

**THIS PAGE IS INTENTIONALLY LEFT BLANK**

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**TABLE OF CONTENTS**

**I. INTRODUCTORY SECTION**

Table of Contents .....	1-4
Letter of Transmittal.....	5-9
List of Principal Officers.....	10
Organizational Chart .....	11
Certificate of Achievement for Excellence in Financial Reporting .....	12

**II. FINANCIAL SECTION**

INDEPENDENT AUDITOR’S REPORT .....	13-15
MANAGEMENT’S DISCUSSION AND ANALYSIS .....	17-29
<b>BASIC FINANCIAL STATEMENTS:</b>	
Government-Wide Financial Statements:	
Statement of Net Position .....	31
Statement of Activities .....	32
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	33
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	34
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	35
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	36
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund.....	37
Statement of Net Position - Proprietary Fund.....	38
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund.....	39
Statement of Cash Flows - Proprietary Fund.....	40
Statement of Fiduciary Net Position - Fiduciary Funds.....	41
Statement of Changes in Fiduciary Net Position - Fiduciary Funds .....	42
Notes to the Basic Financial Statements.....	43-101

REQUIRED SUPPLEMENTARY INFORMATION:

Schedule of the District’s Proportionate Share of the Net Pension Liability:

School Employees Retirement System (SERS) of Ohio .....	104
State Teachers Retirement System (STRS) of Ohio.....	105

Schedule of District Contributions:

School Employees Retirement System (SERS) of Ohio .....	106-107
State Teachers Retirement System (STRS) of Ohio.....	108-109

Notes to Required Supplementary .....	110
---------------------------------------	-----

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES:

Fund Descriptions - Major Funds.....	112
--------------------------------------	-----

Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):

Debt Service Fund .....	113
-------------------------	-----

Combining Balance Sheet - Nonmajor Governmental Funds.....	114
--	-----

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	115
---	-----

Fund Descriptions - Nonmajor Special Revenue Funds .....	116-118
--	---------

Combining Balance Sheet - Nonmajor Special Revenue Funds.....	120-122
---	---------

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	124-127
--	---------

Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):

Miscellaneous Grants Fund .....	128
District Managed Student Activity Fund .....	128
Auxiliary Services Fund.....	128
Public School Preschool Fund.....	129
Data Communications Fund .....	129
Alternative Schools Fund .....	129
Miscellaneous State Grants Fund .....	130
Resident Educator Fund.....	130
Title VI-B Fund .....	130
Title I Fund .....	131
EHA Preschool Grant Fund .....	131
Reducing Class Size Fund .....	131
Miscellaneous Federal Grants Fund .....	132
Food Service Fund.....	132
Classroom Facilities Maintenance Fund.....	132

Nonmajor Governmental Funds included in the General Fund on GAAP basis:

School Activity Trusts Fund.....	133
Staff Trusts Fund .....	133
Rotary Fund – Special Services Fund.....	133
Rotary Fund.....	134
Public School Support Fund.....	134

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES - (Continued):

Fund Descriptions - Nonmajor Capital Projects Funds .....	135
Combining Balance Sheet - Nonmajor Capital Projects Funds .....	136
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds .....	137
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
Permanent Improvement Fund .....	138
Building Fund .....	138
Classroom Facilities Fund .....	138
Fund Description - Internal Service Fund .....	139
Schedule of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Non-GAAP Budgetary Basis):	
Employee Benefits Self-Insurance Fund .....	140
Fund Descriptions - Fiduciary Funds .....	141
Combining Statement of Fiduciary Net Position - Private-Purpose Trust Funds .....	142
Combining Statement of Changes in Fiduciary Net Position - Private-Purpose Trust Funds .....	143
Schedules of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Non-GAAP Budgetary Basis):	
Special Trusts Fund .....	144
Endowment Fund.....	144
Statement of Changes in Assets and Liabilities - Agency Fund .....	145

**III. STATISTICAL SECTION**

Table of Contents .....	147
Net Position by Component - Last Ten Fiscal Years .....	148-149
Changes in Net Position - Last Ten Fiscal Years .....	150-155
Fund Balances, Governmental Funds - Last Ten Fiscal Years .....	156-157
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years .....	158-161
Assessed Valuation and Estimated Actual Value of Taxable Property - Last Ten Years.....	162-163
Direct and Overlapping Property Tax Rates - Last Ten Years .....	164
Principal Property Tax Payers - Current Year and Nine Years Ago .....	165
Property Tax Levies and Collections - Last Ten Fiscal Years .....	166-167
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years .....	168
Ratios of Net General Bonded Debt Outstanding - Last Ten Fiscal Years .....	169
Direct and Overlapping Governmental Activities Debt - As of June 30, 2015 .....	170
Legal Debt Margin Information - Last Ten Fiscal Years .....	171
Demographic and Economic Statistics - Last Ten Fiscal Years.....	172

STATISTICAL SECTION - (Continued):

Principal Employers - Current Year and Nine Years Ago .....	173
Staffing Statistics, Full Time Equivalents by Type and Function -Last Ten Fiscal Years .....	174-175
Operating Indicators by Function - Last Ten Fiscal Years .....	176-177
Capital Asset Statistics - Last Ten Fiscal Years .....	178-179
School Building Information - Last Ten Fiscal Years .....	180-183
Operating Statistics - Last Ten Fiscal Years .....	184-185





**Administrative Service Center**  
621 Mount Vernon Rd.  
Newark, OH 43055  
www.newarkcityschools.org  
740-670-7000

November 30, 2015

To the Citizens and Board of Education of the Newark City School District:

We are pleased to submit to you the fifteenth Comprehensive Annual Financial Report (CAFR) of the Newark City School District (the “District”). This CAFR, which includes an opinion from Rea & Associates, Inc., conforms to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rest with the District’s management. To the best of our knowledge and belief, this CAFR and the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

State statute requires an annual audit by independent accountants. Rea & Associates, Inc. conducted the audit. The audit has been conducted in accordance with generally accepted auditing standards, generally accepted government auditing standards, and include a review of internal controls and test of compliance with Federal and State laws and regulations. The Independent Auditor’s Report is included in the CAFR.

This transmittal letter is designed to provide historical information about the District, as well as complement the required Management’s Discussion and Analysis (discussed below). Unless noted otherwise, the financial data in this transmittal letter is presented on the modified accrual basis of accounting. GAAP requires 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). The District’s MD&A, which focuses on the government-wide statements, can be found on page 17 of the financial section of this report.

## **PROFILE OF THE SCHOOL DISTRICT**

The City of Newark, the county seat of Licking County, is located approximately 33 miles east of Columbus in the central part of the State. The District serves an area of approximately 19 square miles and approximately 47,573 residents.

In the spring of 1802, General William Schenk platted around the ancient mounds of Central Ohio a settlement named after his hometown of Newark, New Jersey. There were many salt licks in the area and by 1808 the area known as Licking County was founded. In 1809 the first school was started in the Courthouse on the north side of the Town Square. James Maxwell was the first schoolteacher in this floorless room. The first official body designated as the Newark City Board of Education was formed in 1848.

The Board of Education (the “Board”) of the District is composed of five members elected at large by the citizens of the District. The Board serves as the taxing authority, contracting body, and policy initiator for the operation of the District. The Board is responsible for the annual operating budget and approves all expenditures of the District. The Board is a body politic and corporate, as defined by Section 3313.02 of the Ohio Revised Code, and has only those powers and authority conferred upon it by the Code.

During fiscal year 2015, the District had 6,291 students enrolled in eleven schools: Carson Elementary, Cherry Valley Elementary, Johnny Clem Elementary, Ben Franklin Elementary, Hillview Elementary, Legend Elementary, and McGuffey Elementary schools housing grades K through 5; Heritage Middle, Liberty Middle, and Wilson Middle housing grades 6 through 8; and Newark High School housing grades 9 through 12.

The District provides a full range of traditional and non-traditional educational programs, services and facilities. These include elementary and secondary curriculum at the general, college preparatory and vocational levels, a broad range of co-curricular and extracurricular activities, special education programs and facilities.

Newark Catholic High School, St. Francis, Blessed Sacrament, and the Montessori School are located within the School District Service Area. The District acts as fiscal agent for state funds provided by the State of Ohio to these institutions. Revenues and expenditures of these schools are reported as a governmental activity of the District.

### **Internal Controls**

Management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of costs and benefits requires estimates and judgments by management.

### **Budgetary Controls**

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 certificate of estimated resources and the appropriations resolution, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control required by Ohio Revised Code is at the fund level. The legal level of budgetary control imposed by the District (the highest level for which expenditures cannot legally exceed the appropriated amount) is established at the fund level for all budgeted funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to succeeding years and are not re-appropriated.

### **ECONOMIC CONDITION AND OUTLOOK**

The District is located approximately 33 miles from the metropolitan City of Columbus providing a wealth of opportunity for cultural, social and economic resources for its residents. Central Ohio Technical College and The Ohio State University of Newark share facilities at the Newark campus. Denison University is located in the adjoining Village of Granville. These colleges provide excellent educational opportunities for the Newark community.

The City of Newark offers an excellent opportunity for business growth and expansion. The City stimulates the economy through a diverse group of employers, from the small family operated business to the major commercial/industrial and service corporations. The five largest employers in the District in terms of numbers of employees are: Licking Memorial Hospital, State Farm Insurance, Licking County Government, Anomatic Corporation, and The Ohio State University - Newark Branch / Central Ohio Technical College.

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.

Although the District had been impacted by the national recession in fiscal years 2003 and 2004 regarding income tax, the District experienced a 5.3% increase in collections of income tax in fiscal year 2005, an increase of .5% in fiscal year 2006, an increase of 5.6% in fiscal year 2007, and an increase of 16.5% in fiscal year 2008. In fiscal year 2009, collections decreased 3.5% signaling the start of the current economic downturn of local businesses. In fiscal year 2010 and 2011, collections continued to decline. In fiscal year 2012, income tax collections increased approximately 1% from 2011. In fiscal year 2013, income tax collections increased 3.9% from 2012 and in fiscal year 2014, income tax collections increased 2.8% from 2013. During 2015, income tax collections again increased 2.5% from 2014. The District believes that the increases in the 2012 – 2015 collections shows signs that the economy is improving.

### **Long-Term Financial Planning**

The District prepares a five-year financial forecast annually for use as a tool for long range planning. The five-year forecast contains projected local and state revenues, spending patterns within each area of the budget, and cash balances in the District’s operating fund. The five-year forecast provides early warning signs of potential financial problems.

The District uses the five-year forecast to provide a basis for making financial decisions, including the construction of the annual budget, adjustments to staffing levels, collective bargaining, and the placement of tax levies on the ballot. Specific examples of recent decisions that have resulted in the improvements in the District’s financial condition include the Board instituting \$5.1 million in cuts for fiscal year 2008 and the passage of the five year 7.44 mil emergency operating on May 5, 2009. The District successfully passed the renewal of the income tax in May 2007 for five years. This income tax was renewed again for another five years in May 2011 therefore the income tax will continue until December 2017. The next ballot issue was the renewal of the 7.44 mil emergency levy which was approved by the voters in November 2013.

## **MAJOR INITIATIVES AND ACCOMPLISHMENTS**

### ***Accomplishments for 2015***

#### ***Financial***

The District received the Certificate of Excellence in Financial Reporting from the Government Finance Officers Association for its fiscal year 2014 CAFR.

The District received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association for its fiscal year 2014 Popular Annual Financial Report.

#### ***Instruction***

The District reports it’s achievement of the State of Ohio’s District report card. The 2014-2015 report card results will not be available until January 2016; therefore, the District will report the result below from the most recent report card available.

The District achieved the following grades on the 2014 State of Ohio District report card:

Performance index	B	81.8%
4 year graduation	F	76.0%
5 year graduation	D	84.0%
Closing the Gap	F	37.4%

## Achievement Tests

State and federal law requires testing students in grades 3 - 8 and grade 10 in various subjects. During 2013 - 2014, the following tests were administered:

- 3<sup>rd</sup> grade - reading and math
- 4<sup>th</sup> grade - reading, and math
- 5<sup>th</sup> grade - reading, math, and science
- 6<sup>th</sup> grade - reading and math
- 7<sup>th</sup> grade - reading, and math
- 8<sup>th</sup> grade - reading, math, and science
- 10<sup>th</sup> grade- reading, writing, math, science, and social studies
- 11<sup>th</sup> and 12<sup>th</sup> grade- students who have not passed one or more of the OGT assessments will have two opportunities a year (with an additional, optional opportunity each summer) to retake the tests in which they have not yet achieved proficiency. Passing the Ohio Graduation Test is a requirement for graduation from high school for students through the class of 2014.

The percentage of 11<sup>th</sup> grade students who have successfully passed the Ohio Graduation Tests is listed here:

Reading	92.4%
Writing	88.1%
Math	89.3%
Social Studies	89.9%
Science	82.3%

## ***Initiatives for 2016***

### ***Financial***

To receive the Certificate of Excellence in Financial Reporting from the GFOA for the District's fiscal year 2015 CAFR.

To receive the Award for Outstanding Achievement in Popular Annual Financial Reporting from the GFOA for the fiscal year 2015 Popular Annual Financial Report.

### ***Instruction***

- To improve, continuously, the District's Graduation Rate.
- To achieve Annual Measurable Objectives as measured by the District's report card by improving the scores of students with disabilities and African Americans in reading and math.
- Continue to implement the Ohio Improvement Process.
- To continue to implement and monitor the Response to Intervention (RtI) process.
- To purchase materials to support the implementation of the new national Common Core Academic Content Standards in English Language Arts and Math and the new Ohio Academic Content Standards in Science and Social Studies.
- To evaluate high school textbook and instructional materials adoptions and purchase instructional materials as necessary.
- To prepare staff and students for the switch to on-line assessments.

## AWARDS AND ACKNOWLEDGEMENTS

### *GFOA Certificate of Achievement*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Newark City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA for their review.

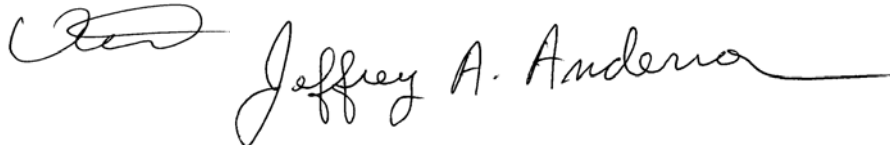
### *Acknowledgements*

Preparation of this report could not have been accomplished without the support and efforts of the staff in the Treasurer's office and many other dedicated employees of the District. Further appreciation is extended to the Licking County Auditor's office and the Newark City Auditor's office for their valuable research of records.

Respectfully submitted,



Douglas C. Ute  
Superintendent



Jeffrey A. Anderson  
Treasurer

## NEWARK CITY SCHOOL DISTRICT

### PRINCIPAL OFFICERS

#### Board of Education

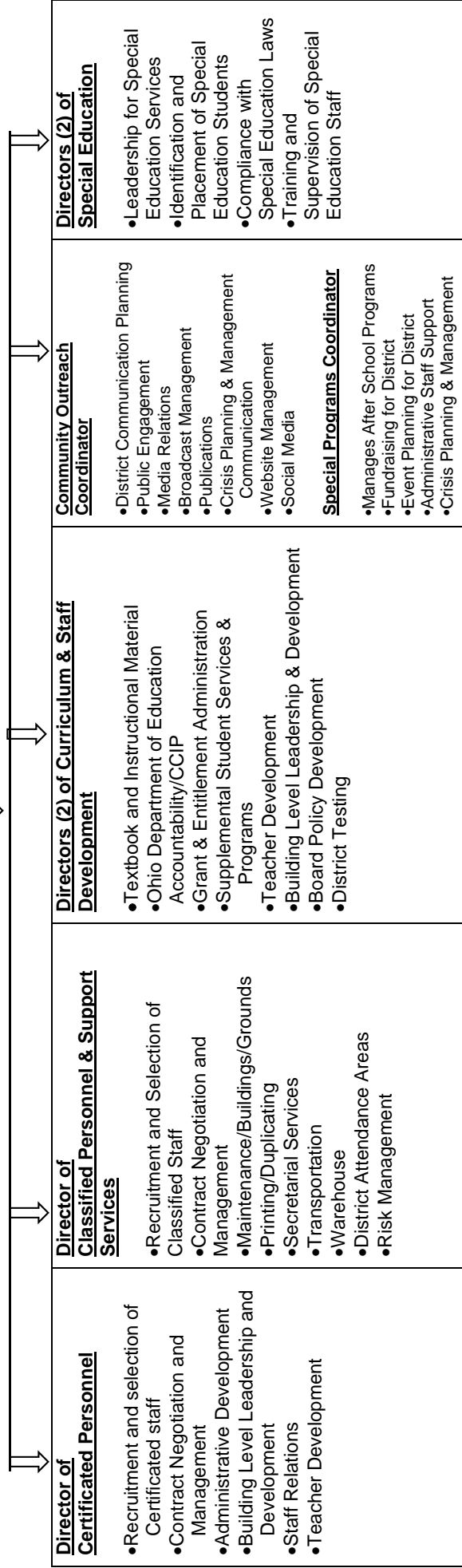
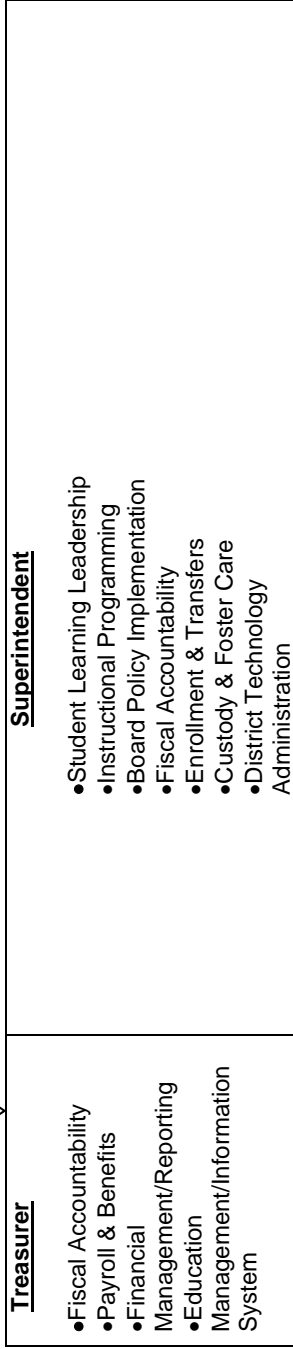
Tom Bline	Board Member, President (term expires 12/31/15)
Tim Carr	Board Member, Vice President (term expires 12/31/15)
Mike Blowers	Board Member (term expires 12/31/17)
Kurt Harden	Board Member (term expires 12/31/15)
Beverly Niccum	Board Member (term expires 12/31/17)

#### Administration

Douglas Ute	Superintendent - (Hired 8/1/09)
Jeffrey Anderson	Treasurer - (Hired 2/28/09)
David Altepeter	Director of Classified Personnel & Business Manager - (Hired 7/8/96)
Barbara Quackenbush	Director of Certificated Personnel (Hired 7/30/99)
Maura Horgan	Director of Secondary Curriculum & Staff Development - (Hired 8/23/93)
Melinda Vaughn	Director of Elementary Curriculum/State and Federal Programs/Title I - (Hired 8/22/86)
Jean Brown	Director of Special Education (Grades 6-12) - (Hired 8/1/06)
Linda Price	Director of Special Education (Grades preschool-5) - (Hired 9/2/80)

# ADMINISTRATIVE STRUCTURE NEWARK CITY SCHOOLS

## BOARD OF EDUCATION





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Newark City School District  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**



Executive Director/CEO



November 30, 2015

To the Board of Education  
Newark City School District  
Licking County, Ohio  
621 Mount Vernon Road  
Newark, OH 43055

## **Independent Auditor's Report**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Newark City School District, Licking County, Ohio, (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Newark City School District, Licking County, Ohio, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

As described in Note 3, the District restated the net position balances to account for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of District Contributions* on pages 17–29, 104-105 and 106-109, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 District's internal control over financial reporting and compliance.

*Hea & Associates, Inc.*

Dublin, Ohio

**THIS PAGE IS INTENTIONALLY LEFT BLANK**

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

The management's discussion and analysis of the Newark City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the transmittal letter, notes to the basic financial statements and basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2015 are as follows:

- The District restated net position for 2014 as described in Note 3.A. The District's net position of governmental activities increased \$6,361,950 which represents a 27.86% increase from 2014 as restated.
- For governmental activities general revenues accounted for \$66,377,232 in revenue or 82.05% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$14,517,598 or 17.95% of total revenues of \$80,894,830.
- The District had \$74,532,880 in expenses related to governmental activities; only \$14,517,598 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$66,377,232 were adequate to provide for these programs.
- The District's major governmental funds include the general fund and debt service fund. The general fund had \$66,346,418 in revenues and other financing sources and \$62,417,004 in expenditures. During fiscal 2015, the general fund's fund balance increased \$3,929,414 from a balance of \$15,474,957 to \$19,404,371.
- The debt service fund had \$4,590,563 in revenues and \$4,947,370 in expenditures. During fiscal year 2015, the debt service fund balance decreased by \$356,807 from \$1,955,489 to \$1,598,682.

**Using the Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the whole District presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the major funds are the general fund and debt service fund.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

**Reporting the District as a Whole**

*Statement of Net Position and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The statement of net position and statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. The accrual basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and statement of activities, the governmental activities include the District's programs and services, including instruction, support services, extracurricular activities, and operation of non-instructional services. The statement of net position and statement of activities can be found on pages 31-32, of this report.

**Reporting the District's Most Significant Funds**

*Fund Financial Statements*

The analysis of the District's major governmental funds begins on page 26. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major funds are the general fund and debt service fund.

*Governmental Funds*

Most of the District'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 financial statements provide a detailed short-term view of the District'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 educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 33-36 and the budgetary statement for the general fund can be found on page 37.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

***Proprietary Funds***

The District maintains only one type of proprietary fund. The internal service fund is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District has an internal service fund to account for a self-insurance program which provides health and dental benefits to employees. The basic proprietary fund financial statements can be found on pages 38-40 of this report.

***Fiduciary Funds***

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 41 and 42. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 43-101 of this report.

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability. The required supplementary information can be found on pages 104-110 of this report.

THIS SPACE INTENTIONALLY LEFT BLANK

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

**The District as a Whole**

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for June 30, 2015 and June 30, 2014. The net position at June 30, 2014 has been restated as described in Note 3.A.

	<b>Net Position</b>	
	Governmental Activities 2015	Restated Governmental Activities 2014
	<u>2015</u>	<u>2014</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 66,164,964	\$ 60,861,819
Capital assets, net	<u>143,595,589</u>	<u>146,467,243</u>
Total assets	<u>209,760,553</u>	<u>207,329,062</u>
<b><u>Deferred Outflows of Resources</u></b>		
Unamortized deferred charges on debt refunding	2,460,090	2,667,185
Pensions	<u>5,736,023</u>	<u>4,660,605</u>
Total deferred outflows of resources	<u>8,196,113</u>	<u>7,327,790</u>
<b><u>Liabilities</u></b>		
Current liabilities	8,380,416	7,851,973
Long-term liabilities:		
Due within one year	3,004,041	2,975,669
Due in more than one year:		
Net pension liability	78,796,605	93,630,224
Other amounts	<u>60,376,023</u>	<u>63,164,096</u>
Total liabilities	<u>150,557,085</u>	<u>167,621,962</u>
<b><u>Deferred Inflows of Resources</u></b>		
Property taxes levied for next fiscal year	23,952,743	24,190,004
Payment in lieu of taxes levied for next fiscal year	-	12,468
Pensions	<u>14,252,470</u>	<u>-</u>
Total deferred inflows of resources	<u>38,205,213</u>	<u>24,202,472</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	89,306,195	89,834,198
Restricted	10,338,400	10,295,131
Unrestricted (deficit)	<u>(70,450,227)</u>	<u>(77,296,911)</u>
Total net position	<u>\$ 29,194,368</u>	<u>\$ 22,832,418</u>



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

During 2015, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

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

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

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

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

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

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$111,802,037 to \$22,832,418.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$29,194,368.

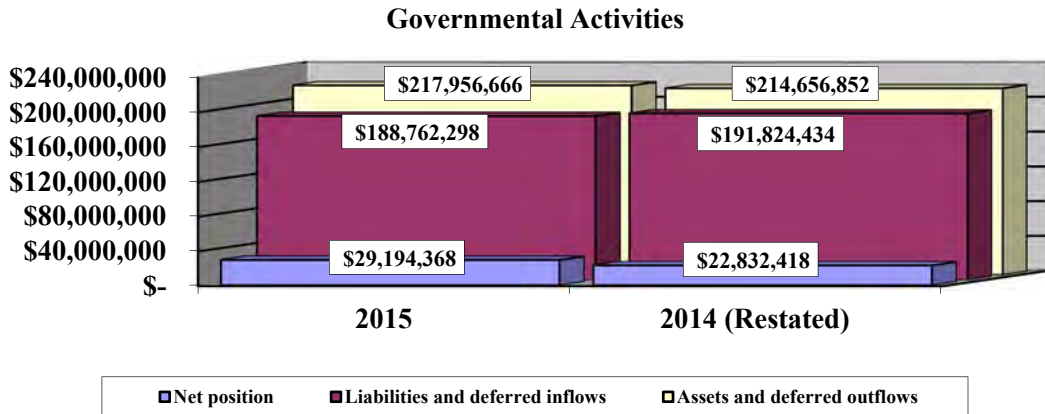
In fiscal year 2014, the District concluded a large construction and renovation project to various buildings which was financed through the Ohio Facilities Construction Commission (OFCC). The completion of the construction projects coupled with the reporting of depreciation expense on the newly constructed/renovated buildings resulted in a decrease to total capital assets, net.

Cash and cash equivalents increased by \$5,526,632 in FY15. Primarily due to increase in state funding and establishing reserves for self-insurance.

At year-end, capital assets represented 68.46% of total assets. Capital assets include land, land improvements, buildings and improvements, construction in progress, furniture and equipment and vehicles. The net investment in capital assets at June 30, 2015, was \$89,306,195. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$10,338,400, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was a deficit of \$70,450,227. The deficit balance in unrestricted net position was the result of reporting the net pension liability required by GASB 68.

The graph below illustrates the District's governmental activities assets plus deferred outflows, liabilities plus deferred inflows and net position at June 30, 2015 and 2014 as restated in Note 3.A.



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

The table below shows the changes in net position for governmental activities between 2015 and 2014. The net position at June 30, 2014 has been restated as described in Note 3.A.

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>Restated 2014</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 1,778,815	\$ 1,734,999
Operating grants and contributions	12,738,783	11,816,397
General revenues:		
Property taxes	24,940,574	24,657,608
School district income taxes	8,447,025	8,251,484
Payment in lieu of taxes	216,287	11,103
Grants and entitlements	32,076,321	29,074,075
Investment earnings	55,049	37,478
Other	641,976	432,353
Total revenues	<u>80,894,830</u>	<u>76,015,497</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	33,574,541	34,785,398
Special	11,175,826	11,011,351
Vocational	392,481	405,009
Other	211,952	264,203
Support services:		
Pupil	3,662,387	3,860,974
Instructional staff	2,866,379	2,903,788
Board of Education	150,058	163,268
Administration	3,665,474	3,771,253
Fiscal	1,316,322	1,346,565
Business	461,300	574,959
Operations and maintenance	6,701,896	6,447,978
Pupil transportation	3,103,190	2,976,377
Central	511,210	402,627
Operation of non-instructional services:		
Food service operations	2,395,676	2,281,336
Other non-instructional services	847,440	540,290
Extracurricular activities	1,138,134	843,918
Interest and fiscal charges	2,358,614	2,358,112
Refunding bond issuance costs	-	288,471
Total expenses	<u>74,532,880</u>	<u>75,225,877</u>
Changes in net position	6,361,950	789,620
Net position at beginning of year (restated)	<u>22,832,418</u>	N/A
Net position at end of year	<u>\$ 29,194,368</u>	<u>\$ 22,832,418</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

**Governmental Activities**

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$4,660,605 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$3,336,957.

Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$ 74,532,880
Pension expense under GASB 68	(3,336,957)
2015 contractually required contributions	<u>4,993,524</u>
Adjusted 2015 program expenses	76,189,447
Total 2014 program expenses under GASB 27	<u>75,225,877</u>
Increase in program expenses not related to pension	<u>\$ 963,570</u>

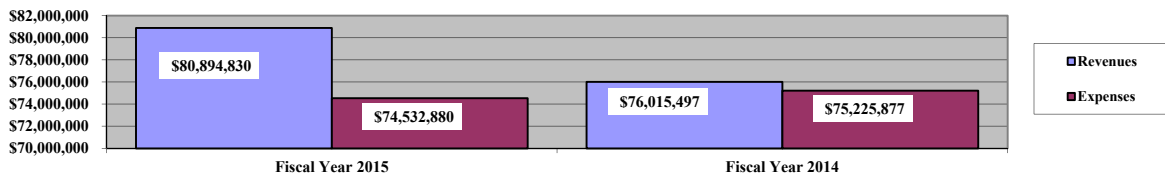
Net position of the District's governmental activities increased \$6,361,950. Total governmental expenses of \$74,532,880 were offset by program revenues of \$14,517,598, and general revenues of \$66,377,232. Program revenues supported 19.48% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from general revenues such as property taxes, school district income taxes, and grants and entitlements. These three sources of revenue total \$65,463,920 and represent 80.92% of total governmental revenue. School district income taxes increased \$195,541, or 2.37%, due to increased income tax collections resulting from improved economic condition from the prior year. Grants and entitlements not restricted to specific programs increased \$3,002,246, or 10.33%, due to increased funding from the State of Ohio through Foundation payments.

Overall, expenses decreased \$692,997, or 0.92%; however, excluding the effect of the change in pension expense reporting, actual program expenses increased \$963,570, or 1.28%. Instruction expenses, which represent the District's largest expense category, remained consistent with the prior year.

The graph below presents the governmental activities revenues and expenses for fiscal years 2015 and 2014.

**Governmental Activities - Revenues and Expenses**



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2015 compared to 2014. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	<b>Governmental Activities</b>			
	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
Program expenses:				
Instruction:				
Regular	\$ 33,574,541	\$ 32,610,885	\$ 34,785,398	\$ 33,744,176
Special	11,175,826	3,080,893	11,011,351	3,612,748
Vocational	392,481	364,489	405,009	376,547
Other	211,952	211,952	264,203	264,203
Support services:				
Pupil	3,662,387	3,535,188	3,860,974	3,645,391
Instructional staff	2,866,379	1,602,521	2,903,788	1,907,973
Board of Education	150,058	150,058	163,268	163,268
Administration	3,665,474	3,561,318	3,771,253	3,617,465
Fiscal	1,316,322	1,310,222	1,346,565	1,338,809
Business	461,300	461,300	574,959	574,959
Operations and maintenance	6,701,896	6,498,165	6,447,978	6,332,825
Pupil transportation	3,103,190	2,643,700	2,976,377	2,578,024
Central	511,210	511,210	402,627	402,627
Operation of non-instructional services:				
Food service operations	2,395,676	14,106	2,281,336	(65,082)
Other non-instructional services	847,440	144,052	540,290	(138,626)
Extracurricular activities	1,138,134	956,609	843,918	672,591
Interest and fiscal charges	2,358,614	2,358,614	2,358,112	2,358,112
Refunding bond issuance costs	-	-	288,471	288,471
Total expenses	\$ 74,532,880	\$ 60,015,282	\$ 75,225,877	\$ 61,674,481

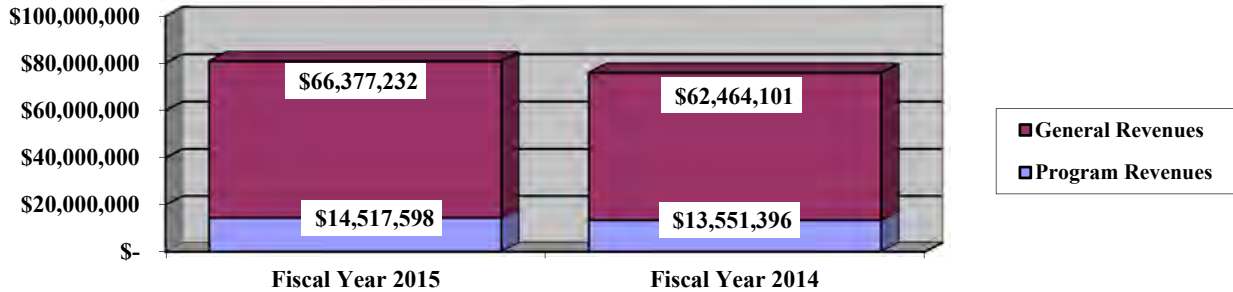
The dependence upon tax and other general revenues for governmental activities is apparent, 79.97% of instruction activities, totaling \$36,268,219, are supported through taxes and other general revenues. For all governmental activities, general revenue support is 80.52%.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

The graph below presents the District's general and program revenues for fiscal years 2015 and 2014.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 33) reported a combined fund balance of \$28,428,594, which is more than last year's total of \$24,932,214. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2015 and 2014.

	Fund Balance June 30, 2015	Fund Balance June 30, 2014	Increase (Decrease)
General	\$ 19,404,371	\$ 15,474,957	\$ 3,929,414
Debt Service	1,598,682	1,955,489	(356,807)
Other Governmental	7,425,541	7,501,768	(76,227)
<b>Total</b>	<u>\$ 28,428,594</u>	<u>\$ 24,932,214</u>	<u>\$ 3,496,380</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

***General Fund***

The District's general fund balance increased \$3,929,414. The table below summarizes the revenues and expenditures for fiscal year 2015 and 2014:

	<u>2015</u> <u>Amount</u>	<u>2014</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 28,028,140	\$ 27,853,395	0.63 %
Tuition	751,183	711,432	5.59 %
Earnings on investments	52,117	34,069	52.97 %
Intergovernmental	36,186,476	32,756,652	10.47 %
Other revenues	<u>1,324,224</u>	<u>846,045</u>	56.52 %
Total	<u>\$ 66,342,140</u>	<u>\$ 62,201,593</u>	6.66 %
<b><u>Expenditures</u></b>			
Instruction	\$ 40,985,976	\$ 40,238,236	1.86 %
Support services	20,485,222	19,999,090	2.43 %
Operation of non-instructional services	64,273	76,773	(16.28) %
Extracurricular activities	832,352	556,406	49.59 %
Debt service	<u>49,181</u>	<u>252,724</u>	(80.54) %
Total	<u>\$ 62,417,004</u>	<u>\$ 61,123,229</u>	2.12 %

The increase in tuition was due to open enrollment there were more students from other districts. Taxes increased as a result of an increase in income tax revenues due to increased income tax collections resulting from improving economic conditions within the District's boundaries. Intergovernmental revenue increased due to increased funding from the State of Ohio through Foundation payments. Earnings on investments increased due to better interest rates and more money for the District to invest. Other revenues increased primarily due to workers' compensation refunds received in fiscal year 2015. The largest expenditure line items, instruction and support services, increased over fiscal year 2014. Instruction expenditures increased due to increased costs associated with both regular and special education programs. The increase in extracurricular activities expenditures is due to the elimination of "pay to play" of which the District is now absorbing the costs and due to increased participation from students in the various extracurricular activities.

***Debt Service Fund***

The debt service fund had \$4,590,563 in revenues and \$4,947,370 in expenditures. During fiscal year 2015, the debt service fund balance decreased by \$356,807 from \$1,955,489 to \$1,598,682. During fiscal year 2014, the District issued two refunding bonds to advance refund a portion of the Series 2005 and Series 2005 school improvement bonds.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2015, the original and final budgeted revenues and other financing sources were \$62,860,000. Actual revenues and other financing sources for fiscal year 2015 were \$66,433,092. Actual revenues and other financing sources were \$3,573,092 higher than final budgeted revenues. The variances in budgeted revenues were primarily caused by changes in estimates for taxes and intergovernmental revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$65,781,063 were increased to \$65,999,483 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2015 totaled \$63,742,400, which was \$2,257,083 lower than the final budget appropriations. The variances in budgeted expenditures were primarily caused by changes in estimates for salaries and wages.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2015, the District had \$143,595,589 invested in land, land improvements, buildings and improvements, construction in progress, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2015 balances compared to 2014.

**Capital Assets at June 30  
(Net of Depreciation)**

	Governmental Activities	
	2015	2014
Land	\$ 1,592,635	\$ 1,592,635
Land improvements	730,592	449,426
Building and improvements	138,958,985	142,202,567
Furniture and equipment	729,922	704,736
Vehicles	1,534,832	1,439,343
Construction in progress	48,623	78,536
Total	\$ 143,595,589	\$ 146,467,243

Total additions to capital assets for 2015 were \$962,078 and total disposals were \$11,704 (net of accumulated depreciation). Depreciation recorded for the fiscal year totaled \$3,822,028.

The overall decrease in capital assets, net of accumulated depreciation, of \$2,871,654 is primarily due to the District's depreciation expense of \$3,822,028. Depreciation expense increased approximately \$18,873 over fiscal year 2014 as new buildings were completed and depreciation began in fiscal year 2015. The construction of new buildings and renovations of existing buildings using the school improvement bonds issued during a previous fiscal year and OFCC grant revenues was completed in fiscal year 2015.

See Note 10 to the basic financial statements for further details on the District's capital assets.



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

***Debt Administration***

At June 30, 2015, the District had \$57,141,295 in general obligation bonds and \$44,396 in capital lease obligations. Of this total, \$2,599,104 is due within one year and \$54,586,587 is due in greater than one year. The District also reports \$78,796,605 as a net pension liability due to the implementation of GASB 68.

The following table summarizes the bonds and capital lease obligations outstanding at June 30, 2015 and 2014.

<b>Outstanding Debt, at Year End</b>		
	Governmental Activities <u>2015</u>	Governmental Activities <u>2014</u>
General obligation bonds:		
Library improvement	\$ 3,550,000	\$ 3,910,000
School improvement	27,005,000	28,910,000
Refunding	26,586,295	26,766,259
Capital lease obligations	<u>44,396</u>	<u>86,542</u>
Total	<u>\$ 57,185,691</u>	<u>\$ 59,672,801</u>

See Note 11 to the basic financial statements for further detail on the District's long-term obligations.

**Economic Conditions and Outlook**

As the preceding information shows, the District relies heavily upon grants and entitlements, property taxes and school district income taxes. The current tax revenue, along with the District's cash balance, is projected (based on the October 2013 five year forecast that can be found on the Ohio Department of Education's website) to provide the District with the necessary funds to meet its operating expenses through fiscal year 2015. The future financial stability is not without challenges.

The first issue facing the District is the instability of the local economy. The second issue is the uncertainty of the state budget allocations. The third issue is the uncertainty of the Federal Grant programs. During fiscal year 2015, the District's enrollment decreased 240 students from fiscal year 2014.

In conclusion, the District must begin reviewing all programs "Cost versus Benefit". We must think outside of our normal paradigms. We can no longer continue to operate "... Well that is how we have always done it." The District's income tax renewal levy was successful in May 2011 for an additional five years. The tax payers passed a 7.5 mil additional operating levy on the May 5, 2009 ballot. This operating levy was renewed by the voters in November 2013. The District will continue to look at ways to increase revenues or contain expenditures. No additional cuts are planned at this time.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Jeffery A. Anderson, Treasurer at Newark City School District, 621 Mount Vernon Road, Newark, Ohio 43055.

THIS PAGE IS INTENTIONALLY LEFT BLANK

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
STATEMENT OF NET POSITION  
JUNE 30, 2015

	<b>Governmental Activities</b>	<b>Component Units</b>	
		<b>Newark Digital Academy</b>	<b>Par Excellence Academy</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . .	\$ 33,602,015	\$ 2,073,727	\$ 658,476
Receivables:			
Property taxes . . . . .	27,986,945	-	-
Income taxes. . . . .	3,815,063	-	-
Accounts. . . . .	4,770	12	-
Accrued interest . . . . .	5,356	-	-
Intergovernmental . . . . .	653,087	82,872	41,520
Prepayments . . . . .	80,674	13,945	53,175
Materials and supplies inventory. . . . .	6,673	-	-
Inventory held for resale. . . . .	10,381	-	-
Capital assets:			
Nondepreciable capital assets . . . . .	1,641,258	6,630	10,000
Depreciable capital assets, net. . . . .	141,954,331	1,632,769	152,286
Capital assets, net . . . . .	<u>143,595,589</u>	<u>1,639,399</u>	<u>162,286</u>
Total assets. . . . .	<u>209,760,553</u>	<u>3,809,955</u>	<u>915,457</u>
<b>Deferred outflows of resources:</b>			
Unamortized deferred charges on debt refundings . . . . .	2,460,090	-	-
Pension - STRS . . . . .	4,480,812	111,087	84,637
Pension - SERS . . . . .	1,255,211	23,842	19,787
Total deferred outflows of resources . . . . .	<u>8,196,113</u>	<u>134,929</u>	<u>104,424</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	345,305	38,701	17,694
Contracts payable. . . . .	48,623	-	-
Accrued wages and benefits payable . . . . .	4,971,487	62,624	89,157
Compensated absences payable. . . . .	-	3,821	11,378
Pension obligation payable. . . . .	1,198,513	-	14,581
Intergovernmental payable . . . . .	307,212	17,036	3,708
Unearned revenue . . . . .	828,455	-	-
Accrued interest payable . . . . .	195,821	-	-
Claims payable. . . . .	485,000	-	-
Long-term liabilities:			
Due within one year. . . . .	3,004,041	-	-
Due in more than one year:			
Net pension liability (See Note 15) . . . . .	78,796,605	1,666,366	1,316,037
Other amounts due in more than one year . . . . .	60,376,023	-	-
Total liabilities . . . . .	<u>150,557,085</u>	<u>1,788,548</u>	<u>1,452,555</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year. . . . .	23,952,743	-	-
Pension - STRS. . . . .	11,927,417	269,980	197,313
Pension - SERS. . . . .	2,325,053	33,604	40,495
Total deferred inflows of resources . . . . .	<u>38,205,213</u>	<u>303,584</u>	<u>237,808</u>
<b>Net position:</b>			
Net investment in capital assets . . . . .	89,306,195	1,639,399	162,286
Restricted for:			
Capital projects . . . . .	3,481,451	-	-
Classroom facilities maintenance . . . . .	2,961,856	-	-
Debt service. . . . .	1,770,261	-	-
Locally funded programs . . . . .	16,194	-	-
State funded programs. . . . .	17,818	-	-
Federally funded programs . . . . .	556,875	61,421	9,840
Student activities . . . . .	286,760	-	-
Food service operations . . . . .	1,247,185	-	-
Unrestricted (deficit) . . . . .	(70,450,227)	151,932	(842,608)
Total net position (deficit). . . . .	<u>\$ 29,194,368</u>	<u>\$ 1,852,752</u>	<u>\$ (670,482)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Newark Digital Academy	Par Excellence Academy
<b>Governmental activities:</b>						
Instruction:						
Regular . . . . .	\$ 33,574,541	\$ 759,762	\$ 203,894	\$ (32,610,885)	\$ -	\$ -
Special . . . . .	11,175,826	166,875	7,928,058	(3,080,893)	-	-
Vocational . . . . .	392,481	-	27,992	(364,489)	-	-
Other . . . . .	211,952	-	-	(211,952)	-	-
Support services:						
Pupil. . . . .	3,662,387	-	127,199	(3,535,188)	-	-
Instructional staff . . . . .	2,866,379	-	1,263,858	(1,602,521)	-	-
Board of education . . . . .	150,058	-	-	(150,058)	-	-
Administration. . . . .	3,665,474	-	104,156	(3,561,318)	-	-
Fiscal. . . . .	1,316,322	-	6,100	(1,310,222)	-	-
Business. . . . .	461,300	-	-	(461,300)	-	-
Operations and maintenance . . . . .	6,701,896	111,221	92,510	(6,498,165)	-	-
Pupil transportation. . . . .	3,103,190	105,598	353,892	(2,643,700)	-	-
Central . . . . .	511,210	-	-	(511,210)	-	-
Operation of non-instructional services:						
Food service operations . . . . .	2,395,676	437,690	1,943,880	(14,106)	-	-
Other non-instructional services . . . . .	847,440	48,670	654,718	(144,052)	-	-
Extracurricular activities. . . . .	1,138,134	148,999	32,526	(956,609)	-	-
Interest and fiscal charges . . . . .	2,358,614	-	-	(2,358,614)	-	-
Total governmental activities . . . . .	<u>\$ 74,532,880</u>	<u>\$ 1,778,815</u>	<u>\$ 12,738,783</u>	<u>(60,015,282)</u>	<u>-</u>	<u>-</u>
<b>Component units</b>						
Newark Digital Academy . . . . .	\$ 1,919,262	\$ -	\$ 288,804	-	(1,630,458)	-
Par Excellence Academy . . . . .	1,161,136	3,750	204,572	-	-	(952,814)
Total component units . . . . .	<u>\$ 3,080,398</u>	<u>\$ 3,750</u>	<u>\$ 493,376</u>	<u>-</u>	<u>(1,630,458)</u>	<u>(952,814)</u>
<b>General revenues:</b>						
Property taxes levied for:						
General purposes . . . . .				19,580,708	-	-
Debt service. . . . .				3,982,733	-	-
Capital outlay . . . . .				964,252	-	-
Facilities maintenance. . . . .				412,881	-	-
Income taxes levied for:						
General purposes . . . . .				8,447,025	-	-
Payments in lieu of taxes. . . . .				216,287	-	-
Grants and entitlements not restricted to specific programs . . . . .				32,076,321	2,299,474	1,030,744
Investment earnings . . . . .				55,049	1,654	582
Miscellaneous . . . . .				641,976	8,682	24,669
Total general revenues . . . . .				<u>66,377,232</u>	<u>2,309,810</u>	<u>1,055,995</u>
Change in net position . . . . .				6,361,950	679,352	103,181
<b>Net position (deficit) at beginning of year (restated).</b>				<u>22,832,418</u>	<u>1,173,400</u>	<u>(773,663)</u>
<b>Net position (deficit) at end of year.</b>				<u>\$ 29,194,368</u>	<u>\$ 1,852,752</u>	<u>\$ (670,482)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	<b>General</b>	<b>Debt Service</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . .	\$ 21,377,892	\$ 1,324,152	\$ 8,138,574	\$ 30,840,618
Receivables:				
Property taxes . . . . .	21,844,996	4,594,281	1,547,668	27,986,945
Income taxes . . . . .	3,815,063	-	-	3,815,063
Accounts . . . . .	4,770	-	-	4,770
Accrued interest . . . . .	5,356	-	-	5,356
Interfund loans . . . . .	-	-	196,022	196,022
Intergovernmental . . . . .	92,410	-	560,677	653,087
Prepayments . . . . .	78,073	-	2,601	80,674
Materials and supplies inventory . . . . .	-	-	6,673	6,673
Inventory held for resale . . . . .	-	-	10,381	10,381
Total assets . . . . .	<u>\$ 47,218,560</u>	<u>\$ 5,918,433</u>	<u>\$ 10,462,596</u>	<u>\$ 63,599,589</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 321,877	\$ -	\$ 23,428	\$ 345,305
Contracts payable . . . . .	-	-	48,623	48,623
Accrued wages and benefits payable . . . . .	4,395,701	-	575,786	4,971,487
Compensated absences payable . . . . .	165,884	-	3,254	169,138
Intergovernmental payable . . . . .	284,203	-	23,009	307,212
Pension obligation payable . . . . .	1,048,285	-	150,228	1,198,513
Interfund loans payable . . . . .	-	-	196,022	196,022
Total liabilities . . . . .	<u>6,215,950</u>	<u>-</u>	<u>1,020,350</u>	<u>7,236,300</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year . . .	18,698,451	3,928,504	1,325,788	23,952,743
Delinquent property tax revenue not available . . .	1,852,395	391,247	130,240	2,373,882
Income tax revenue not available . . . . .	953,766	-	-	953,766
Intergovernmental revenue not available . . . . .	-	-	560,677	560,677
Accrued interest not available . . . . .	3,019	-	-	3,019
Miscellaneous revenue not available . . . . .	90,608	-	-	90,608
Total deferred inflows of resources . . . . .	<u>21,598,239</u>	<u>4,319,751</u>	<u>2,016,705</u>	<u>27,934,695</u>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory . . . . .	-	-	6,673	6,673
Prepays . . . . .	78,073	-	2,601	80,674
Restricted:				
Debt service . . . . .	-	1,598,682	-	1,598,682
Capital improvements . . . . .	-	-	3,302,588	3,302,588
Classroom facilities maintenance . . . . .	-	-	2,961,856	2,961,856
Food service operations . . . . .	-	-	1,331,365	1,331,365
Non-public schools . . . . .	-	-	12,192	12,192
Other purposes . . . . .	-	-	18,018	18,018
Extracurricular . . . . .	-	-	286,760	286,760
Committed:				
Insurance risk reserve . . . . .	889,729	-	-	889,729
Assigned:				
Student instruction . . . . .	70,364	-	-	70,364
Student and staff support . . . . .	885,202	-	-	885,202
Subsequent year's appropriations . . . . .	3,837,419	-	-	3,837,419
Debt service . . . . .	121	-	-	121
Other purposes . . . . .	144,536	-	-	144,536
Unassigned (deficit) . . . . .	<u>13,498,927</u>	<u>-</u>	<u>(496,512)</u>	<u>13,002,415</u>
Total fund balances . . . . .	<u>19,404,371</u>	<u>1,598,682</u>	<u>7,425,541</u>	<u>28,428,594</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 47,218,560</u>	<u>\$ 5,918,433</u>	<u>\$ 10,462,596</u>	<u>\$ 63,599,589</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2015**

<b>Total governmental fund balances</b>		\$	28,428,594
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			143,595,589
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	2,373,882	
Income taxes receivable		953,766	
Accounts receivable		90,608	
Accrued interest receivable		3,019	
Intergovernmental receivable		560,677	
Total			3,981,952
An internal service fund is used by management to charge the costs of medical and dental insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			1,447,942
Unamortized premiums on bonds issued are not recognized in the funds.			(3,381,201)
Deferred outflows of resources related to unamortized deferred charges on debt refundings are not recognized in the funds.			2,460,090
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(195,821)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:			
Deferred outflows of resources - pension		5,736,023	
Deferred inflows of resources - pension		(14,252,470)	
Net pension liability		(78,796,605)	
Total			(87,313,052)
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		(57,141,295)	
Capital lease obligations		(44,396)	
Compensated absences		(2,644,034)	
Total			(59,829,725)
<b>Net position of governmental activities</b>		<b>\$</b>	<b><u>29,194,368</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 19,584,986	\$ 3,971,241	\$ 1,383,736	\$ 24,939,963
Income taxes . . . . .	8,443,154	-	-	8,443,154
Payment in lieu of taxes . . . . .	213,885	1,565	837	216,287
Tuition . . . . .	751,183	-	-	751,183
Transportation fees . . . . .	105,598	-	-	105,598
Earnings on investments . . . . .	52,117	-	3,993	56,110
Charges for services . . . . .	-	-	441,786	441,786
Extracurricular . . . . .	15,646	-	179,884	195,530
Classroom materials and fees . . . . .	121,403	-	-	121,403
Rental income . . . . .	107,125	-	-	107,125
Contributions and donations . . . . .	59,425	-	39,464	98,889
Contract services . . . . .	27,348	-	-	27,348
Other local revenues . . . . .	673,794	-	15,574	689,368
Intergovernmental - state . . . . .	35,497,883	617,757	1,297,748	37,413,388
Intergovernmental - federal . . . . .	688,593	-	6,434,847	7,123,440
Total revenues . . . . .	<u>66,342,140</u>	<u>4,590,563</u>	<u>9,797,869</u>	<u>80,730,572</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	32,140,248	-	396,089	32,536,337
Special . . . . .	8,340,779	-	3,380,047	11,720,826
Vocational . . . . .	276,845	-	-	276,845
Other . . . . .	228,104	-	-	228,104
Support services:				
Pupil . . . . .	3,581,490	-	138,366	3,719,856
Instructional staff . . . . .	1,726,145	-	1,115,989	2,842,134
Board of education . . . . .	150,430	-	-	150,430
Administration . . . . .	3,697,701	-	125,523	3,823,224
Fiscal . . . . .	1,251,524	63,574	28,137	1,343,235
Business . . . . .	474,504	-	-	474,504
Operations and maintenance . . . . .	6,191,283	-	537,442	6,728,725
Pupil transportation . . . . .	2,901,967	-	375,040	3,277,007
Central . . . . .	510,178	-	12,763	522,941
Operation of non-instructional services:				
Food service operations . . . . .	-	-	2,207,019	2,207,019
Other operation of non-instructional . . . . .	64,273	-	792,199	856,472
Extracurricular activities . . . . .	832,352	-	163,476	995,828
Facilities acquisition and construction . . . . .	-	-	574,873	574,873
Debt service:				
Principal retirement . . . . .	42,146	2,605,000	-	2,647,146
Interest and fiscal charges . . . . .	7,035	2,278,796	-	2,285,831
Total expenditures . . . . .	<u>62,417,004</u>	<u>4,947,370</u>	<u>9,846,963</u>	<u>77,211,337</u>
Excess of revenues over (under) expenditures . . . . .	3,925,136	(356,807)	(49,094)	3,519,235
<b>Other financing sources:</b>				
Sale of capital assets . . . . .	4,278	-	-	4,278
Net change in fund balances . . . . .	3,929,414	(356,807)	(49,094)	3,523,513
<b>Fund balances at beginning of year . . . . .</b>	<b>15,474,957</b>	<b>1,955,489</b>	<b>7,501,768</b>	<b>24,932,214</b>
<b>(Decrease) in reserve for inventory . . . . .</b>	<b>-</b>	<b>-</b>	<b>(27,133)</b>	<b>(27,133)</b>
<b>Fund balances at end of year . . . . .</b>	<b><u>\$ 19,404,371</u></b>	<b><u>\$ 1,598,682</u></b>	<b><u>\$ 7,425,541</u></b>	<b><u>\$ 28,428,594</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<b>Net change in fund balances - total governmental funds</b>	\$	3,523,513
<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 are allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 962,078	
Current year depreciation	(3,822,028)	
Total		(2,859,950)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(11,704)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		
		(27,133)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property tax revenue	(86,632)	
Income tax revenue	3,871	
Earnings on investments	1,184	
Other revenue	84,267	
Intergovernmental	161,568	
Total		164,258
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Bonds	2,605,000	
Capital leases	42,146	
Total		2,647,146
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	6,842	
Accreted interest on capital appreciation bonds	(160,036)	
Amortization of bond premiums	287,506	
Amortization of deferred charges on debt refundings	(207,095)	
Total		(72,783)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		4,993,524
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(3,336,957)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		81,463
An internal service fund used by management to charge the costs of medical and dental insurance to individual funds is not reported in the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		1,260,573
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>6,361,950</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 18,281,705	\$ 18,281,705	\$ 19,338,865	\$ 1,057,160
Income taxes . . . . .	7,970,629	7,970,629	8,431,541	460,912
Payment in lieu of taxes . . . . .	9,516	9,516	10,066	550
Tuition . . . . .	710,119	710,119	751,183	41,064
Transportation fees . . . . .	99,825	99,825	105,598	5,773
Earnings on investments . . . . .	46,651	46,651	49,349	2,698
Classroom materials and fees . . . . .	113,182	113,182	119,727	6,545
Rental income . . . . .	101,269	101,269	107,125	5,856
Contributions and donations . . . . .	4,147	4,147	4,387	240
Contract services . . . . .	25,771	25,771	27,261	1,490
Other local revenues . . . . .	273,871	273,871	289,708	15,837
Intergovernmental - state . . . . .	33,734,764	33,734,764	35,685,519	1,950,755
Intergovernmental - federal . . . . .	650,951	650,951	688,593	37,642
Total revenues . . . . .	<u>62,022,400</u>	<u>62,022,400</u>	<u>65,608,922</u>	<u>3,586,522</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	32,885,387	32,813,532	32,232,781	580,751
Special . . . . .	8,634,654	8,789,701	8,336,188	453,513
Vocational . . . . .	266,980	264,921	271,962	(7,041)
Other . . . . .	275,037	274,293	232,269	42,024
Support services:				
Pupil . . . . .	3,865,633	3,850,864	3,629,344	221,520
Instructional staff . . . . .	2,140,264	2,046,787	1,925,677	121,110
Board of education . . . . .	354,510	364,331	224,363	139,968
Administration . . . . .	3,689,202	3,711,217	3,606,448	104,769
Fiscal . . . . .	1,296,595	1,288,431	1,267,648	20,783
Business . . . . .	540,130	516,177	491,693	24,484
Operations and maintenance . . . . .	6,898,915	6,911,429	6,663,840	247,589
Pupil transportation . . . . .	2,965,001	3,001,642	3,068,941	(67,299)
Central . . . . .	579,404	590,904	522,589	68,315
Operation of non-instructional services:				
Other non-instructional services . . . . .	1,455	1,448	836	612
Extracurricular activities . . . . .	590,493	780,433	808,106	(27,673)
Debt service:				
Principal . . . . .	42,146	42,146	42,146	-
Interest and fiscal charges . . . . .	5,257	7,258	7,235	23
Total expenditures . . . . .	<u>65,031,063</u>	<u>65,255,514</u>	<u>63,332,066</u>	<u>1,923,448</u>
Excess of revenues over (under) expenditures . . . . .	<u>(3,008,663)</u>	<u>(3,233,114)</u>	<u>2,276,856</u>	<u>5,509,970</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	338,764	338,764	358,353	19,589
Refund of prior year's receipts . . . . .	(250,000)	(243,969)	(7,278)	236,691
Transfers in . . . . .	346,184	346,184	366,203	20,019
Transfers (out) . . . . .	(400,000)	(400,000)	(366,203)	33,797
Advances in . . . . .	148,608	148,608	95,336	(53,272)
Advances (out) . . . . .	(100,000)	(100,000)	(36,853)	63,147
Sale of capital assets . . . . .	4,044	4,044	4,278	234
Total other financing sources (uses) . . . . .	<u>87,600</u>	<u>93,631</u>	<u>413,836</u>	<u>320,205</u>
Net change in fund balance . . . . .	(2,921,063)	(3,139,483)	2,690,692	5,830,175
<b>Fund balance at beginning of year . . . . .</b>	<b>15,974,340</b>	<b>15,974,340</b>	<b>15,974,340</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>1,289,191</b>	<b>1,289,191</b>	<b>1,289,191</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 14,342,468</u></b>	<b><u>\$ 14,124,048</u></b>	<b><u>\$ 19,954,223</u></b>	<b><u>\$ 5,830,175</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
 STATEMENT OF NET POSITION  
 PROPRIETARY FUND  
 JUNE 30, 2015

	<b>Governmental Activities - Internal Service Fund</b>
<b>Current assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 2,761,397
Total assets . . . . .	2,761,397
<b>Current liabilities:</b>	
Claims payable . . . . .	485,000
Unearned revenue . . . . .	828,455
Total liabilities . . . . .	1,313,455
<b>Net position:</b>	
Unrestricted. . . . .	1,447,942
Total net position. . . . .	\$ 1,447,942

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 PROPRIETARY FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<b>Governmental            Activities -            Internal            Service Fund</b>
<b>Operating revenues:</b>	
Sales/charges for services . . . . .	\$ 9,760,290
Total operating revenues . . . . .	<u>9,760,290</u>
<b>Operating expenses:</b>	
Purchased services . . . . .	1,040,637
Claims . . . . .	<u>7,459,080</u>
Total operating expenses . . . . .	<u>8,499,717</u>
Operating income / change in net position . . .	1,260,573
<b>Net position at beginning of year . . . . .</b>	<u>187,369</u>
<b>Net position at end of year . . . . .</b>	<u><u>\$ 1,447,942</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
 STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<b>Governmental            Activities -            Internal            Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from charges for services . . . . .	\$ 9,827,599
Cash received from other operations . . . . .	1,704
Cash payments for purchased services . . . . .	(967,347)
Cash payments for claims . . . . .	(6,989,188)
	1,872,768
Net cash provided by operating activities . . . . .	1,872,768
Net increase in cash and cash equivalents . . . . .	1,872,768
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<b>888,629</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b>\$ 2,761,397</b>
 <b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income . . . . .	\$ 1,260,573
Changes in assets and liabilities:	
Decrease in accounts receivable. . . . .	1,704
Decrease in prepayments . . . . .	73,290
Increase in unearned revenue . . . . .	67,309
Increase in claims payable . . . . .	469,892
	1,872,768
Net cash provided by operating activities . . . . .	<b>\$ 1,872,768</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2015

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . .	\$ 41,488	\$ 57,495
Total assets. . . . .	41,488	\$ 57,495
<b>Liabilities:</b>		
Due to students. . . . .	-	\$ 57,495
Total liabilities . . . . .	-	\$ 57,495
<b>Net position:</b>		
Held in trust for scholarships . . . . .	41,488	
Total net position. . . . .	\$ 41,488	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 105
Gifts and contributions . . . . .	1,500
Total additions . . . . .	1,605
 <b>Deductions:</b>	
Scholarships awarded . . . . .	3,600
Change in net position . . . . .	(1,995)
<b>Net position at beginning of year . . . . .</b>	<b>43,483</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 41,488</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Newark City School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District operates under a locally elected five-member Board form of government and provides educational services as mandated by State and/or federal agencies. The Board controls the District's one administrative building, 13 instructional/support facilities, and one transportation/maintenance/warehouse building compound all staffed by 332 non-certified employees, 449 certified employees to provide services to approximately 6,291 students in grades K through 12.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has two component units.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*DISCRETELY PRESENTED COMPONENT UNITS*

Newark Digital Academy (NDA)

The NDA is a legally separate, non-profit corporation established pursuant to Ohio Revised Code Chapters 3314 and 3314.03. The NDA is a conversion school that addresses the needs of students who desire a program of online instruction in an independent environment that does not include the most ancillary components of a more traditional education. The NDA is governed by a Board of Trustees. The NDA Board of Trustees may adopt budgets, hire and fire employees and receive funding from the Ohio Department of Education. Based on the significant services provided by the District to NDA, NDA's purpose of servicing the students within the District, and the relationship between the Board of Education of the District and the Board of Directors of NDA, the NDA is reflected as a component unit of the District. Separately issued financial statements can be obtained from the Treasurer of the NDA at 255 Wood Ave., Newark, Ohio 43055.

Par Excellence Academy (Par Ex)

The Par Ex is a legally separate, non-profit corporation established pursuant to Ohio Revised Code Chapters 3314 and 3314.03. The Par Ex is a conversion school that addresses the needs of students in grades Kindergarten through Third who show a strong interest or talent for the visual arts. The Par Ex is governed by a Board of Trustees. The Board of Trustees may adopt budgets, hire and fire employees and receive funding from the Ohio Department of Education. Based on the significant services provided by the District to Par Ex, Par Ex's purpose of servicing the students within the District and the relationship between the Board of Education of the District and the Board of Trustees of Par Ex, the Par Ex is reflected as a component unit of the District. Separately issued financial statements can be obtained from the Treasurer of Par Ex at 96 Maholm Street, Newark, Ohio 43055.

Information in the following notes to the basic financial statements is applicable to the primary government. Information relative to the NDA and Par Ex component units can be found in Notes 20 and 21, respectively, to these basic financial statements.

The following organizations are described due to their relationship to the District:

*JOINTLY GOVERNED ORGANIZATIONS*

Licking Area Computer Association (LACA)

LACA is the computer service organization or Data Acquisition Site (DAS) used by the District. LACA is an association of public school districts in a geographic area determined by the Ohio Department of Education. The Licking County Educational Service Center acts as the fiscal agent for the association. The purpose of the association is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All Districts in the association are required to pay fees, charges and assessments as charged. A Board made up of superintendents from all of the participating districts governs LACA. An elected Executive Board consisting of five members of the Governing Board is the managerial body of the association and meets on a monthly basis. The District does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments in the amount of \$314,061 were made to LACA during the current fiscal year.



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Licking County Career and Technology Educational Center (C-TEC)

The C-TEC is a distinct political subdivision of the State of Ohio, which provides vocational education for students. The C-TEC is operated under the direction of a Board consisting of three representatives from the Licking County Educational Service Center, two representatives from Newark City Schools, one representative from the Heath City Schools, and one representative from the Granville Exempted Village Schools elected boards. The C-TEC possesses its own budgeting and taxing authority. Financial information can be obtained from Cory Thompson, who serves as the Chief Fiscal Officer, at 150 Price Road, Newark, Ohio 43055.

*PUBLIC ENTITY RISK POOL*

Workers' Compensation Group Rating Program

The District participates in the Sheakley UniServe Workers' Compensation Group Retrospective Rating Program (GRP). The GRP is administered by Sheakley UniServe, Inc. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The District pays a fee to the GRP to cover the costs of administering the program.

*RELATED ORGANIZATIONS*

Licking County Library (the "Library")

The Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. A Board of Trustees appointed by the District's Board of Education governs the Library. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District serves as the taxing authority and may issue tax-related debt on behalf of the Library, its role is limited to a ministerial function. The District has issued bonds on behalf of the Library (See Note 11). The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. The Library is not considered part of the District, and its operations are not included within the accompanying basic financial statements.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

*GOVERNMENTAL FUNDS*

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt Service fund - This fund is used to account for financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service.

***PROPRIETARY FUNDS***

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The internal service fund of the District accounts for a self-insurance program which provides medical and dental benefits to employees.

***FIDUCIARY FUNDS***

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

**C. Basis of Presentation and Measurement Focus**

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of 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 not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net position.

*Fund Financial Statements* - Fund financial statements report detailed information about the District. 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, and all nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide 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.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fund 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 District finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's health and dental self-insurance internal service fund are charges for services (premiums). Operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within thirty-one days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, includes property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from income taxes is recognized in the fiscal year in which the underlying exchange transaction occurred (See Note 8). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, income taxes, interest, tuition, grants, student fees and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources have been reported for the following two items related the District's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the District's contributions to the pension systems subsequent to the measurement date. In addition, deferred outflows of resources include a deferred charge on debt refunding. 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.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes, income taxes, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

The District also reports a deferred inflow of resources for the net difference between projected and actual earnings on pension plan investments related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Unpaid contractually required pension obligations due at year end (See Notes 15 and 16) are recorded as liabilities and expenses/expenditures in both the government-wide and fund financial statements.

**E. Budgets**

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 resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established at the fund level for all funds. Any budgetary modifications at the legal level of budgetary control may only be made by resolution of the Board of Education.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Tax Budget:* Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Licking County Budget Commission for rate determination. The Licking County Budget Commissioners waived this requirement for fiscal year 2015.

*Estimated Resources:* By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the original and final amended certificate of estimated resources issued during the fiscal year.

*Appropriations:* Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying a new amended certificate is not necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at the legal level of control. Any revisions that alter the legal level of budgetary control must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

In the budgetary statement, the amounts reported as the original budgeted amounts represent the first appropriations passed by the Board during the fiscal year including amounts automatically carried over from prior years and the amounts reported as the final budgeted amounts represent the final appropriations passed by the Board during the fiscal year; including all amendments.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

During fiscal year 2015, investments were limited to nonnegotiable certificates of deposit which are reported at cost.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2015 amounted to \$52,117, which includes \$15,755 assigned from other District funds.

For presentation on the basic financial statements and for the purposes of the statement of cash flows, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year-end is provided in Note 4.

**G. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the purchase method on the fund statements and using the consumption method on the government-wide statements.

On the fund financial statements, reported material and supplies inventory is equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**H. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of Net Position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

All reported capital assets except land and construction-in-progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	25 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental activities column on the statement of net position.

**J. Compensated Absences**

The District reports compensated absences in accordance with the provisions of GASB No. 16, “Accounting for Compensated Absences”. Vacation benefits are accrued as a liability as the benefits are earned if the employee’s rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the District’s past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

**K. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service fund are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**L. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

*Restricted* - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education or a District official delegated that authority by State statute. State statute authorizes the District Treasurer to assign fund balance for purchase on order provided such amounts have been lawfully appropriated.

*Unassigned* - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**M. Estimates**

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**N. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**O. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the financial statements using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

On the fund financial statements, reported prepayments is equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

**P. Interfund Activity**

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

Interfund activities between governmental funds are eliminated for reporting in the statement of activities.

**Q. Issuance Costs/Bond Premiums and Discounts and Accounting Gain or Loss on Debt Refunding**

On the governmental fund financial statements, issuance costs, bond premiums, bond discounts, and deferred charges from debt refunding are recognized in the current period.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

On the government-wide financial statements, issuance costs are recognized in the current period and are not amortized. Bond premiums and discounts are amortized over the term of the bonds using the straight-line method. Unamortized bond premiums are presented as an addition to the face amount of the bonds reported on the statement of net position. Unamortized bond discounts are presented as a reduction to the face amount of the bonds reported on the statement of net position. The reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 11.

For advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2015.

**S. Nonpublic Schools**

Within the boundaries of the District, Saint Francis Elementary, Blessed Sacrament Elementary and Newark Catholic High School are operated through the Columbus Catholic Diocese; and Montessori and Kairos Academy are operated as private schools. State Legislation provides funding to these parochial and private schools. The District receives the money and then disburses the money as directed by the parochial and private schools. These transactions are reported in a nonmajor governmental fund of the District.

**T. Budget Stabilization Arrangement**

The District has established a budget stabilization reserve. Additions to the budget stabilization reserve can only be made by formal resolution of the Board of Education. Expenditures out of the budget stabilization reserve can only be made to offset future budget deficits. At June 30, 2015, the balance in the budget stabilization reserve was \$934,406. This amount is included in unassigned fund balance of the general fund and in unrestricted net position on the statement of net position.

**U. Pensions**

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

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles/Restatement of Net Position**

For fiscal year 2015, the District has implemented GASB Statement No. 68, “Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27”, GASB Statement No. 69 “Government Combinations and Disposals of Government Operations”, and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68”.

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the District.

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the District’s pension plan disclosures, as presented in Note 15, and added required supplementary information which is presented after the notes to the financial statements.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

A net position restatement is required in order to implement GASB Statement No 68 and 71. The governmental activities at July 1, 2014 have been restated as follows:

	Governmental Activities
Net position as previously reported	\$ 111,802,037
Deferred outflows - payments subsequent to measurement date	4,660,605
Net pension liability	(93,630,224)
Restated net position at July 1, 2014	\$ 22,832,418

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on fund balances.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Deficit Fund Balances**

Fund balances at June 30, 2015 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Alternative Schools	\$ 1,137
Title VI-B	199,599
Title I	166,610
EHA Preschool Grant	1,989
Reducing Class Size	34,807
Building	<u>91,369</u>
Total	<u>\$ 495,511</u>

The general fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts. Interim monies may be deposited or invested in the following securities:

1. 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 and interest by the United States;
2. 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;

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

3. 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;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (State Treasurer's Asset Reserve of Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash on Hand**

At fiscal year end, the District had \$2,945 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

**B. Deposits with Financial Institutions**

At June 30, 2015, the carrying amount of all District deposits was \$33,698,053 (including \$10,039,410 in nonnegotiable certificates of deposit). Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, \$13,408,258 of the District's bank balance of \$33,952,764 was exposed to custodial risk as discussed below, while \$20,544,506 was covered by the FDIC.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**C. Investments**

The District had no investments at June 30, 2015.

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to three years or less.

*Credit Risk:* The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Concentration of Credit Risk:* The District's investment policy does not place specific limits on the percentage of the District's portfolio that may be invested in any one issuer.

**D. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2015:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 33,698,053
Cash on hand	<u>2,945</u>
Total	<u>\$ 33,700,998</u>
 <u>Cash and cash equivalents per statement of net position</u>	
Governmental activities	\$ 33,602,015
Private-purpose trust funds	41,488
Agency fund	<u>57,495</u>
Total	<u>\$ 33,700,998</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund balances at June 30, 2015, as reported on the fund statements consist of the following:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
Nonmajor governmental funds	Nonmajor governmental funds	\$ 196,022

The building fund (a nonmajor governmental fund) has reported an interfund loan payable and the classroom facilities fund (a nonmajor governmental fund) has reported an interfund loan receivable for expenditures incurred and reported in the classroom facilities fund that related to the building fund. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed values as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Public utility real and personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Licking County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available as an advance at June 30, 2015 was \$1,294,150 in the general fund, \$274,530 in the debt service fund and \$91,640 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2014 was \$844,210 in the general fund, \$164,480 in the debt service fund and \$57,450 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2015 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 6 - PROPERTY TAXES - (Continued)**

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow.

The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 Second Half Collections		2015 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 775,983,370	95.93	\$ 763,994,270	95.80
Public utility personal	<u>32,918,010</u>	<u>4.07</u>	<u>33,481,090</u>	<u>4.20</u>
Total	<u>\$ 808,901,380</u>	<u>100.00</u>	<u>\$ 797,475,360</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 43.19		\$ 43.86	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2015 consisted of property taxes, income taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds.

A summary of the principal items of receivables reported on the statement of net position follows:

<b>Governmental activities:</b>	
Property taxes	\$ 27,986,945
School district income tax	3,815,063
Accounts	4,770
Accrued interest	5,356
Intergovernmental	<u>653,087</u>
Total	<u>\$ 32,465,221</u>

Receivables have been disaggregated on the face of the financial statements. All receivables are expected to be collected in the subsequent year.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 8 - INCOME TAXES**

The District levies a voted tax of one percent for general operation on the income of resident and of estate. The tax was effective on January 1, 1998, and was renewed for another five years in 2011. Employers of the residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund and totaled \$8,443,154 on the governmental fund financial statements during fiscal year 2015.

**NOTE 9 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds (excluding those already included in payables) were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 858,620
Other governmental	<u>422,907</u>
Total	<u>\$ 1,281,527</u>

THIS SPACE INTENTIONALLY LEFT BLANK

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 10 - CAPITAL ASSETS**

The change in governmental activities capital assets for fiscal year 2015 is as follows:

	Balance <u>June 30, 2014</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2015</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,592,635	\$ -	\$ -	\$ 1,592,635
Construction-in-progress	<u>78,536</u>	<u>257,254</u>	<u>(287,167)</u>	<u>48,623</u>
Non-depreciable capital assets	<u>1,671,171</u>	<u>257,254</u>	<u>(287,167)</u>	<u>1,641,258</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	763,884	327,092	-	1,090,976
Building/improvements	160,235,600	66,408	-	160,302,008
Furniture/equipment	3,455,155	161,879	-	3,617,034
Vehicles	<u>4,364,696</u>	<u>436,612</u>	<u>(41,382)</u>	<u>4,759,926</u>
Depreciable capital assets	<u>168,819,335</u>	<u>991,991</u>	<u>(41,382)</u>	<u>169,769,944</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(314,458)	(45,926)	-	(360,384)
Building/improvements	(18,033,033)	(3,309,990)	-	(21,343,023)
Furniture/equipment	(2,750,419)	(136,693)	-	(2,887,112)
Vehicles	<u>(2,925,353)</u>	<u>(329,419)</u>	<u>29,678</u>	<u>(3,225,094)</u>
Total accumulated depreciation	<u>(24,023,263)</u>	<u>(3,822,028)</u>	<u>29,678</u>	<u>(27,815,613)</u>
Governmental activities capital assets, net	<u>\$ 146,467,243</u>	<u>\$ (2,572,783)</u>	<u>\$ (298,871)</u>	<u>\$143,595,589</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 2,538,083
Special	4,679
Vocational	147,938
<u>Support services:</u>	
Pupil	91,771
Instructional staff	148,263
Administration	55,446
Business	1,279
Operations and maintenance	180,362
Pupil transportation	278,672
Central	1,522
<u>Operation of non-instructional services:</u>	
Food service operations	217,670
Other non-instructional services	591
Extracurricular activities	<u>155,752</u>
Total depreciation expense	<u>\$ 3,822,028</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 11 - LONG-TERM OBLIGATIONS**

A. The balance of the District's long-term obligations have been restated as described in Note 3.A and Note 15. The District's long-term obligations during the year consist of the following:

	<u>Interest Rate</u>	<u>Restated Balance June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>	<u>Amounts Due in One Year</u>
<b>Governmental activities:</b>						
<u>General Obligation Bonds:</u>						
Library refunding - series 2006						
Current interest bonds	3.50-5.00%	\$ 3,910,000	\$ -	\$ (360,000)	\$ 3,550,000	\$ 380,000
Unamortized premium		160,363	-	(19,054)	141,309	-
School improvement - series 2005						
Current interest bonds	3%-4.375%	24,415,000	-	(1,365,000)	23,050,000	1,420,000
Unamortized premium		306,965	-	(16,592)	290,373	-
School improvement - series 2005A						
Current interest bonds	3.5-4.5%	4,495,000	-	(540,000)	3,955,000	565,000
Unamortized premium		218,526	-	(25,963)	192,563	-
Refunding bonds - series 2012						
Current interest bonds	4.0-5.0%	8,545,000	-	-	8,545,000	-
Unamortized premium		1,202,796	-	(115,468)	1,087,328	-
Refunding bonds - series 2013						
Current interest bonds	1.5-4.0%	8,870,000	-	(145,000)	8,725,000	125,000
Unamortized premium		814,175	-	(60,684)	753,491	-
Capital appreciation bonds	30.0%	281,839	-	-	281,839	-
Accreted interest		57,728	144,048	-	201,776	-
Refunding bonds - series 2014						
Current interest bonds	2.0-4.0%	8,985,000	-	(195,000)	8,790,000	65,000
Unamortized premium		965,882	-	(49,745)	916,137	-
Capital appreciation bonds	53.0%	24,788	-	-	24,788	-
Accreted interest		1,904	15,988	-	17,892	-
Total general obligation bonds payable		<u>63,254,966</u>	<u>160,036</u>	<u>(2,892,506)</u>	<u>60,522,496</u>	<u>2,555,000</u>
<u>Other Long-Term Obligations:</u>						
Capital lease obligations		86,542	-	(42,146)	44,396	44,104
Net pension liability:						
STRS		76,797,673	-	(12,326,472)	64,471,201	-
SERS		16,832,551	-	(2,507,147)	14,325,404	-
Total net pension liability		<u>93,630,224</u>	<u>-</u>	<u>(14,833,619)</u>	<u>78,796,605</u>	<u>-</u>
Compensated absences		2,798,257	664,650	(649,735)	2,813,172	404,937
Total other long-term obligations		<u>96,515,023</u>	<u>664,650</u>	<u>(15,525,500)</u>	<u>81,654,173</u>	<u>449,041</u>
Total long-term obligations		<u>\$ 159,769,989</u>	<u>\$ 824,686</u>	<u>\$ (18,418,006)</u>	<u>\$ 142,176,669</u>	<u>\$ 3,004,041</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

Library Refunding Bond Series 2006: On January 5, 2006, the District, on behalf of the public library, refunded the callable portion of the library improvement bonds. Bond proceeds were received in the debt service fund and disbursed to the bond escrow account to retire a portion of the Series 1998 bonds. This refunding issue is comprised of both current interest bonds, par value \$5,330,000, and capital appreciation bonds, par value \$84,998. The interest rates on the current interest bonds range from 3.50% to 5.0%. The capital appreciation bonds matured on December 1, 2011.

The reacquisition price exceeded the net carrying amount of the old debt by \$202,282. This amount is amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The unamortized balance is reported as a deferred outflow of resources on the statement of net position.

Interest payments on the current interest bonds are due on June 1 and December 1 each year. The final maturity stated in the issue is December 1, 2022.

School Improvement Bond Series 2005: The District issued \$50 million of general obligation bonds on February 22, 2005. The bonds will be retired from the debt service fund with revenue generated from a 5.9 mill tax levy. This issue is comprised of current interest bonds with interest rates ranging from 3% to 4.375%. The school improvement bonds were issued for the purpose of constructing, renovating, remodeling, furnishing, equipping and otherwise improving school facilities and clearing and improving their sites. On May 8, 2012, the District refunded \$8,740,000 of the Series 2005 school improvement bonds with the issuance of the Series 2012 refunding bonds. On December 30, 2013, the District refunded \$5,930,000 of the Series 2005 school improvement bonds with the issuance of the Series 2013 refunding bonds.

Interest payments on the current interest bonds are due on June 1 and December 1 each year. The final maturity stated in the issue is December 1, 2032.

School Improvement Bond Series 2005A: The District issued \$20 million of general obligation bonds on December 13, 2005. The bonds will be retired from the debt service fund with revenue generated from a 5.9 mill tax levy. This issue is comprised of current interest bonds with interest rates ranging from 3.5% to 4.5%. The school improvement bonds were issued for the purpose of constructing, renovating, remodeling, furnishing, equipping and otherwise improving school facilities and clearing and improving their sites. On December 30, 2013 and April 9, 2014, the District refunded \$3,225,000 and \$9,010,000, respectively, of the Series 2005 school improvement bonds with the issuance of the Series 2013 and Series 2014 refunding bonds.

Interest payments on the current interest bonds are due on June 1 and December 1 each year. The final maturity stated in the issue is December 1, 2022.

Series 2012 Refunding General Obligation Bonds: On May 8, 2012, the District issued general obligation bonds (Series 2012 Refunding Bonds) to advance refund the callable of the Series 2005 school improvement current interest bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of Net Position. The refunding bond proceeds were received in the debt service fund and disbursed to the bond escrow agent for payment of future debt service requirements on the refunded Series 2005 bonds. The balance of the refunded bonds at June 30, 2015, is \$8,740,000.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

The refunding issue is comprised of current interest bonds, par value \$8,545,000. The interest rates on the current interest bonds range from 4.0% - 5.00%. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2024.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,301,981. This amount is amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The unamortized balance is reported as a deferred outflow of resources on the statement of net position.

*Series 2013 Refunding General Obligation Bonds*

On December 30, 2013, the District issued general obligation bonds (Series 2013 Refunding Bonds) to advance refund the callable portion of the Series 2005 school improvement bonds (\$5,930,000) and the Series 2005A school improvement bonds (\$3,225,000). This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds at June 30, 2015, is \$9,155,000.

The refunding issue is comprised of both current interest bonds, par value \$8,870,000, and capital appreciation bonds par value \$281,839. The interest rates on the current interest bonds range from 1.5 to 4.0 percent. The capital appreciation bonds mature on December 1, 2017 (effective interest rate 7.7 percent) and on December 1, 2019 (effective interest rate 4.7 percent) at a redemption price equal to 100 percent of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bond maturing December 1, 2017 is \$640,000 and the accreted value at maturity for the capital appreciation bond maturing December 1, 2019 is \$355,000. Total accreted interest of \$201,776 has been included in the statement of net position at June 30, 2015.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2027.

The reacquisition price exceeded the net carrying amount of the old debt by \$684,363. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The unamortized balance is reported as deferred outflow on the statement of net position.

*Series 2014 Refunding General Obligation Bonds*

On April 9, 2014, the District issued general obligation bonds (Series 2014 Refunding Bonds) to advance refund the callable portion of the Series 2005A school improvement bonds (\$9,010,000). This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds at June 30, 2015, is \$9,010,000.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

The refunding issue is comprised of both current interest bonds, par value \$8,985,000, and capital appreciation bonds par value \$24,788. The interest rates on the current interest bonds range from 2.0 to 4.0 percent. The capital appreciation bonds mature on December 1, 2020 (effective interest rate 53.0 percent) and on December 1, 2021 (effective interest rate 53.0 percent) at a redemption price equal to 100 percent of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bond maturing December 1, 2020 is \$70,000 and the accreted value at maturity for the capital appreciation bond maturing December 1, 2021 is \$790,000. Total accreted interest of \$17,892 has been included in the statement of net position at June 30, 2015.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2033.

The reacquisition price exceeded the net carrying amount of the old debt by \$839,154. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The unamortized balance is reported as deferred outflow on the statement of net position.

Capital Lease Obligations: See Note 12 for information on the District's capital lease obligations.

Net Pension Liability: See Note 15 for information on the District's net pension liability.

Compensated Absences: Compensated absences will be paid from the fund from which the employees' salaries are paid. Compensated absences will primarily be paid from the general fund.

- B.** Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2015, are as follows:

Fiscal Year Ended	Library Bonds			School Improvement Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 380,000	\$ 140,300	\$ 520,300	\$ 1,985,000	\$ 1,100,902	\$ 3,085,902
2017	400,000	120,800	520,800	2,070,000	1,019,803	3,089,803
2018	415,000	102,500	517,500	610,000	966,202	1,576,202
2019	435,000	85,500	520,500	635,000	940,905	1,575,905
2020	450,000	67,800	517,800	115,000	925,422	1,040,422
2021 - 2025	1,470,000	89,800	1,559,800	3,355,000	4,213,583	7,568,583
2026 - 2030	-	-	-	9,760,000	3,119,982	12,879,982
2031 - 2033	-	-	-	8,475,000	566,673	9,041,673
Total	<u>\$ 3,550,000</u>	<u>\$ 606,700</u>	<u>\$ 4,156,700</u>	<u>\$ 27,005,000</u>	<u>\$ 12,853,472</u>	<u>\$ 39,858,472</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

Fiscal Year Ended	Refunding Bonds Current Interest			Refunding Bonds Capital Appreciation		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 190,000	\$ 934,644	\$ 1,124,644	\$ -	\$ -	\$ -
2017	190,000	930,844	1,120,844	-	-	-
2018	1,085,000	918,093	2,003,093	213,978	426,022	640,000
2019	1,750,000	893,956	2,643,956	-	-	-
2020	1,950,000	850,669	2,800,669	67,862	287,138	355,000
2021 - 2025	9,275,000	3,265,042	12,540,042	24,788	835,212	860,000
2026 - 2030	6,990,000	1,460,613	8,450,613	-	-	-
2031 - 2034	4,630,000	379,400	5,009,400	-	-	-
Total	<u>\$26,060,000</u>	<u>\$ 9,633,261</u>	<u>\$35,693,261</u>	<u>\$ 306,628</u>	<u>\$ 1,548,372</u>	<u>\$ 1,855,000</u>

**C. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2015, are a voted debt margin of \$16,449,837 (including available funds of \$1,598,682) and an unvoted debt margin of \$797,475.

**NOTE 12 - CAPITAL LEASES - LESSEE DISCLOSURE**

During fiscal year 2012, the District entered into capital lease agreements for copiers and computer equipment. These leases meet the criteria of a capital lease as defined by GASB which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term.

Capital lease payments have been reclassified and are reflected as debt service expenditures in the statement of revenues, expenditures and changes in fund balances - general fund. These expenditures are reflected as program/function expenditures on a budgetary basis. No capital assets were acquired by lease agreements as the assets individually do not meet the District's threshold for capitalization.

At inception, a liability was recorded on the statement of net position for the present value of the future minimum lease payments required under the lease agreements. Principal payments in the 2015 fiscal year totaled \$42,146. This amount is reflected as debt service principal retirement in the general fund and as a reduction to the long-term liabilities reported on the statement of net position.



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 12 - CAPITAL LEASES - LESSEE DISCLOSURE - (Continued)**

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2015:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2016	\$ 45,636
2017	<u>295</u>
	45,931
Less: amount representing interest	<u>(1,535)</u>
Present value of minimum lease payments	<u>\$ 44,396</u>

**NOTE 13 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-two days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Each employee earns sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for twenty-five percent of the total sick leave accumulation, up to a maximum accumulation of seventy days for certificated employees and seventy-five days for classified employees. An employee receiving such payment must meet the retirement provisions set by the State Teachers Retirement System of Ohio and School Employees Retirement System.

**B. Insurance Benefits**

The District provides life insurance and accidental death and dismemberment insurance in the amount of \$50,000 to certified employees. For classified employees, group term life insurance is provided in the amount of \$50,000 for employees under contract for thirty-five hours or more per week, \$20,000 for classified employees under contract for twenty to thirty-four hours per week, and \$10,000 for employees working less than twenty hours per week.

**NOTE 14 - RISK MANAGEMENT**

**A. Property and Liability**

The District 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. During fiscal year 2015, the District maintained comprehensive insurance coverage for liability, real property, building contents and vehicles. The District obtains insurance coverage through WRM America Insurance (Andrew Insurance Agency). Vehicle policies include liability coverage for bodily injury and property damage.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 14 - RISK MANAGEMENT - (Continued)**

The following is a description of the District's insurance coverage:

Building and contents - replacement cost	\$ 142,512,722
Equipment breakdown	100,000,000
General Liability:	
Per occurrence	1,000,000
Annual aggregate	2,000,000
Commercial crime	50,000
Vehicle - combined single limit	1,000,000
Educators legal liability	1,000,000
Educators excess liability	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no reduction in coverage from the prior year.

**B. Group Health and Dental Insurance**

Health, life, dental and other group insurance is offered to employees as a fringe benefit. The District provides medical and dental insurance for its employees on a self-insurance basis. Employer and employee contributions to premium are determined by negotiated agreements with employee labor unions. Classified, certified, administrative and exempt employees receive health insurance that is 80% Board-paid and 20% employee paid and dental insurance that is 75% Board-paid and 25% employee paid. All life insurance is 100% Board-paid for all full-time staff.

Postemployment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 16. As such, no funding provisions are required by the District.

All funds of the District participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). Fiscal year 2015 was the first year health insurance claims were paid on a self-insurance basis. The claims liability of \$485,000 reported in the basic financial statements at June 30, 2015, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claim. Claims activities for the current and prior year are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2015	\$ 15,108	\$ 7,459,080	\$ (6,989,188)	\$ 485,000
2014	14,840	\$ 448,471	\$ (448,203)	15,108

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 14 - RISK MANAGEMENT - (Continued)**

**C. Workers' Compensation Rating Program**

For fiscal year 2015, the District participated in the Sheakley UniServe Workers' Compensation Group Retrospective Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. Under the GRP, the participating districts continues to pay their own individual premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating districts receive either a premium refund or an assessment. The participating districts pay an experience- or base-rated premium under the same terms as if they were not in a retrospective group. The group-retrospective premiums are recalculated twelve months after the end of the policy year and the recalculated premium is compared to the standard premium. If the retrospective premium is lower than the standard premium, the participating districts receive a refund . If the retrospective premium is higher than the standard premium, the participating districts are charged an assessment. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniServe provides administrative, cost control and actuarial services to the GRP.

**NOTE 15 - 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 District'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 District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District 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.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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 *pension obligation payable* on both the accrual and modified accrual bases of accounting.

***Plan Description - School Employees Retirement System (SERS)***

Plan Description –District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The District's contractually required contribution to SERS was \$1,133,287 for fiscal year 2015. Of this amount \$302,164 is reported as pension obligation payable.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description –District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$3,860,237 for fiscal year 2015. Of this amount, \$668,660 is reported as pension obligation payable.

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

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District'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>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$ 14,325,404	\$ 64,471,201	\$ 78,796,605
Proportion of the Net Pension Liability	0.28305800%	0.26505768%	
Pension Expense	\$ 835,983	\$ 2,500,974	\$ 3,336,957

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 121,924	\$ 620,575	\$ 742,499
Difference between School District contributions and proportionate share of contributions	-	-	-
School District contributions subsequent to the measurement date	<u>1,133,287</u>	<u>3,860,237</u>	<u>4,993,524</u>
Total Deferred Outflows of Resources	<u>\$ 1,255,211</u>	<u>\$ 4,480,812</u>	<u>\$ 5,736,023</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	<u>\$ 2,325,053</u>	<u>\$ 11,927,417</u>	<u>\$ 14,252,470</u>

\$4,993,524 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2016	\$ (550,782)	\$ (2,826,710)	\$ (3,377,492)
2017	(550,782)	(2,826,710)	(3,377,492)
2018	(550,782)	(2,826,710)	(3,377,492)
2019	<u>(550,783)</u>	<u>(2,826,712)</u>	<u>(3,377,495)</u>
Total	<u>\$ (2,203,129)</u>	<u>\$ (11,306,842)</u>	<u>\$ (13,509,971)</u>

***Actuarial Assumptions - SERS***

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). 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.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 15 - 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 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 calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *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.



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	<u>15.00</u>	7.50
Total	<u><u>100.00 %</u></u>	

**Discount Rate** The total pension liability was calculated using the discount rate of 7.75 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 long-term assumed investment rate of return (7.75 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, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the District'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 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ 20,438,095	\$ 14,325,404	\$ 9,184,103

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Actuarial Assumptions - STRS***

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	<u>1.00</u>	3.00
Total	<u><u>100.00 %</u></u>	

***Discount Rate*** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 92,297,553	\$ 64,471,201	\$ 40,939,471

**NOTE 16 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the District's surcharge obligation was \$148,338.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 16 - POSTEMPLOYMENT BENEFITS - (Continued)**

The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$213,230, \$145,848, and \$125,489, respectively. For fiscal year 2015, 74.90 percent has been contributed, with the balance being reported as pension obligation payable. The full amount has been contributed for fiscal years 2014 and 2013.

**B. State Teachers Retirement System**

Plan Description – The District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$277,364, and \$284,033 respectively. The full amount has been contributed for fiscal years 2014 and 2013.

**NOTE 17 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**C. Foundation Funding**

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 18 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2014	\$ -
Current year set-aside requirement	1,077,758
Current year offsets	<u>(1,077,758)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2016	<u>\$ -</u>
Set-aside balance June 30, 2015	<u>\$ -</u>

**NOTE 19 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 19 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 2,690,692
Net adjustment for revenue accruals	630,057
Net adjustment for expenditure accruals	(190,654)
Net adjustment for other sources/uses	(409,558)
Funds budgeted elsewhere	30,428
Adjustment for encumbrances	<u>1,178,449</u>
GAAP basis	<u>\$ 3,929,414</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. These include the public school support fund, the student activity trusts fund, the staff trusts fund, the rotary-special services fund, and the rotary fund.

**NOTE 20 - NEWARK DIGITAL ACADEMY**

The Newark Digital Academy (NDA) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 1702 and 3314. NDA is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect NDA's tax exempt status. NDA's objective is to deliver a comprehensive educational program of high quality, tied to state and national standards, which can be delivered to students in the K-12 population entirely through distance learning technologies. The students may include, but will not be limited to, home schoolers, children with special physical and mental needs, students removed from the regular classroom for discipline concerns, students who need an alternative to the traditional classroom for various reasons, including religious reasons, transient students, and students with the Newark City School District, (sponsor of the NDA) that desire a specific course not currently offered but is available through online instruction.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 20 - NEWARK DIGITAL ACADEMY - (Continued)**

NDA was created on February 11, 2003 by entering into a five year contract with the Newark City School District (the “Sponsor”) through fiscal year 2008. On September 10, 2012, the NDA entered into a new five year contract through fiscal year 2017. The Sponsor is responsible for evaluating the performance of the NDA and has the authority to deny renewal of the contract at its expiration. The Sponsor receives payment from the NDA for oversight, monitoring and other purchased services (as agreed to between the NDA and the Sponsor). During fiscal year 2015, the NDA paid sponsorship fees of \$114,630 to its Sponsor. The NDA is considered a component unit of the Newark City School District for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61.

NDA has entered into a purchased services agreement contracts with the Tri-Rivers Educational Computer Association (TRECA) for use of a part-time technician and with Ace Digital Academy (ADA) for the provision of on-line curriculum.

NDA operates under the direction of a five-member Board of Directors. The Board of Directors is responsible for carrying out provisions of the contract which, include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the NDA have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District’s significant accounting policies are described below.

**Basis of Presentation** - The NDA’s basic financial statements consist of a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows.

NDA uses a single enterprise presentation for its financial records. Enterprise reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

Operating revenues are those revenues that are generated directly from the primary activity of the Academy. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Academy. All revenues and expenses not meeting this definition are reported as non-operating.

**Measurement Focus and Basis of Accounting** - The enterprise activity is accounted for using a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of NDA are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position. The statement of cash flows reflects how NDA’s finances meet its cash flow needs.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 20 - NEWARK DIGITAL ACADEMY - (Continued)**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. NDA's financial statements are prepared using the accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenues resulting from non-exchange transactions, in which NDA receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are required to be used or the period when use is first permitted, matching requirements, in which NDA must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to NDA on a reimbursement basis. Expenses are recognized at the time they are incurred.

**Deferred Outflows of Resources and Deferred Inflows of Resources** - In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the NDA, deferred outflows of resources have been reported for the following two items related the NDA's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the NDA's contributions to the pension systems subsequent to the measurement date.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the NDA, deferred inflows of resources include the net difference between projected and actual earnings on pension plan investments related to the NDA's net pension liability.

**Budgetary Process** - Unlike other public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided by the NDA's contract with its Sponsor. The contract between NDA and its Sponsor prescribes an annual budget requirement as part of preparing a five year forecast, which is updated on an annual basis.

**Cash and Cash Equivalents** - Cash received by NDA is reflected as "cash and cash equivalents" on the statement of net position. NDA had no investments during the fiscal year ended June 30, 2015.

**Capital Assets** - All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The NDA maintains a capitalization threshold of one thousand dollars. The NDA does not possess any infrastructure.

All reported capital assets, except for land and construction in progress, are depreciated. Depreciation is computed using the straight-line method. Buildings are depreciated over forty years, furniture is depreciated over twenty years, and computers are depreciated over six years.



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 20 - NEWARK DIGITAL ACADEMY - (Continued)**

**Intergovernmental Revenue** - The NDA currently participates in the State Foundation Program, the Data Communication grant, the Security Entrance grant, IDEA Part B grant, the Title I School Improvement grant, the Title I Disadvantaged Children grant and the Improving Teacher Quality grant. Revenue from the State Foundation Program is recognized as operating revenue in the accounting period in which all eligibility requirements have been met. Amounts awarded under State Foundation Program for the 2015 school year, excluding all other State and Federal grants, totaled \$2,299,474.

Revenues received from the remaining programs are recognized as non-operating revenues in the accompanying financial statements. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. State and Federal grants revenue for the fiscal year 2015 received was \$288,804.

**Prepaid Items** - Payments made to vendors for services that will benefit periods beyond June 30, 2015 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense is reported in the year which services are consumed.

**Operating Revenues and Expenses** - Operating revenues are those revenues that are generated directly from the primary activity of the NDA. Operating expenses are necessary costs incurred to provide goods or services that are the primary activity of the NDA. All revenues and expenses not meeting this definition are reported as non-operating.

**Net Position** - Net position represents the difference between assets and liabilities. The net position component "investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing or accrued liabilities used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the NDA or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The NDA applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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

**Estimates** - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 20 - NEWARK DIGITAL ACADEMY - (Continued)**

**Compensated Absences** - In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service; or 20 years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16. At June 30, 2015, no employees met this criteria to record a liability for sick leave.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2015, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

The entire compensated absence liability is reported on the statement of net position.

**CHANGES IN ACCOUNTING POLICIES**

For fiscal year 2015, the NDA has implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27", GASB Statement No. 69 "Government Combinations and Disposals of Government Operations", and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68".

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the NDA.

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the NDA's pension plan disclosures and added required supplementary information.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 20 - NEWARK DIGITAL ACADEMY - (Continued)**

A net position restatement is required in order to implement GASB Statement No 68 and 71. The governmental activities at July 1, 2014 have been restated as follows:

Net position as previously reported	\$ 3,058,847
Deferred outflows - payments subsequent to measurement date	96,167
Net pension liability	<u>(1,981,614)</u>
Restated net position at July 1, 2014	<u>\$ 1,173,400</u>

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

**DEPOSITS**

At June 30, 2015, the carrying amount of NDA deposits was \$2,073,727. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, \$1,773,778 of the NDA's bank balance of \$2,073,778 was exposed to custodial risk as discussed below, while \$300,000 was covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial credit risk is the risk that, in the event of bank failure, the NDA's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the NDA. The NDA has no deposit policy for custodial credit risk beyond the requirement of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the NDA to a successful claim by the FDIC.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 20 - NEWARK DIGITAL ACADEMY - (Continued)**

**CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance <u>06/30/14</u>	Additions	Reductions	Balance <u>06/30/15</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 6,630	\$ -	\$ -	\$ 6,630
Construction in progress	<u>1,129,314</u>	<u>188,952</u>	<u>(1,318,266)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>1,135,944</u>	<u>188,952</u>	<u>(1,318,266)</u>	<u>6,630</u>
<i>Capital assets, being depreciated:</i>				
Building	357,833	1,318,266	-	1,676,099
Furniture and equipment	<u>60,989</u>	<u>9,250</u>	<u>(2,846)</u>	<u>67,393</u>
Total capital assets, being depreciated	<u>418,822</u>	<u>1,327,516</u>	<u>(2,846)</u>	<u>1,743,492</u>
<i>Less: accumulated depreciation</i>				
Building	(22,535)	(52,797)	-	(75,332)
Furniture and equipment	<u>(31,514)</u>	<u>(6,723)</u>	<u>2,846</u>	<u>(35,391)</u>
Total accumulated depreciation	<u>(54,049)</u>	<u>(59,520)</u>	<u>2,846</u>	<u>(110,723)</u>
Capital assets, net	<u>\$ 1,500,717</u>	<u>\$ 1,456,948</u>	<u>\$ (1,318,266)</u>	<u>\$ 1,639,399</u>

Construction in progress represents a renovation project at the NDA's building that is being performed in three phases. Phase 1 of the project was completed in fiscal year 2012, Phase 2 of the project was completed in fiscal year 2013 and Phase 3 of the project was completed in fiscal year 2015.

**SERVICE AGREEMENTS**

**TRECA** - During fiscal year 2015, NDA utilized TRECA for the services of the part-time technician. During fiscal year 2015, NDA paid TRECA \$18,500 under this contract.

**ACE Digital Academy** - During fiscal year 2015, NDA is in the third year of a three Ace Digital Academy (ADA) for the provision of on-line curriculum. The contract with ADA runs through fiscal year 2015.

ADA is an internet-based educational delivery system designed for grades K-12, providing alternative educational options for credit deficiencies, alternative programs, students being schooled at home and summer school programs.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 20 - NEWARK DIGITAL ACADEMY - (Continued)**

Under the contract, the following terms were agreed upon:

ADA shall provide NDA with the following services: development and maintenance of NDA's ADA database including registration of students and faculty, technology professional development, ADA technical support, marketing consultation, treasurer's office/EMIS support, and intervention support.

The student ADA license fees will be the responsibility of NDA at a rate of \$150 per student. Additional fees will be charged for students enrolled in specialized courses.

For fiscal year 2015, \$263,910 was paid by NDA under this contract.

**RISK MANAGEMENT**

The NDA 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. Coverage was provided by various insurance carriers. During fiscal year ending June 30, 2015, the NDA contracted through Philadelphia Insurance for the following coverage amounts:

Per Occurrence	\$	1,000,000
Annual Aggregate	\$	2,000,000

In addition, NDA purchased \$1,000,000 excess liability coverage through Lexington Insurance Company.

Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant changes in coverage from the prior year.

**CONTINGENCIES**

**Grants** - The NDA received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the NDA at June 30, 2015, if applicable, cannot be determined at this time.

**Litigation** - The NDA is not involved in any litigation that, in the opinion of management, would have a material effect on the financial statements.

**State Foundation Funding** - The Ohio Department of Education (ODE) conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. As a result of the fiscal year 2015 reviews, the NDA is due \$6,883 from ODE. This amount has been reported as an intergovernmental receivable on the statement of net position. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 foundation funding for the NDA; therefore the final financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the NDA. The final adjustment to state funding is expected to be immaterial.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 20 - NEWARK DIGITAL ACADEMY - (Continued)**

**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 NDA'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.

**Plan Description - School Employees Retirement System (SERS)** - NDA non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the NDA is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The NDA's contractually required contribution to SERS was \$22,080 for fiscal year 2015. Of this amount \$1,777 is reported as intergovernmental payable.

**Plan Description - State Teachers Retirement System (STRS)** - NDA licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 20 - NEWARK DIGITAL ACADEMY - (Continued)**

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The NDA was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The NDA's contractually required contribution to STRS was \$97,038 for fiscal year 2015.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The NDA's proportion of the net pension liability was based on the NDA'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>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 207,043	\$ 1,459,323	\$ 1,666,366
Proportion of the net pension liability	0.00409100%	0.00599970%	
Pension expense	\$ 12,081	\$ 56,611	\$ 68,692

At June 30, 2015, the NDA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 1,762	\$ 14,049	\$ 15,811
Academy contributions subsequent to the measurement date	<u>22,080</u>	<u>97,038</u>	<u>119,118</u>
Total deferred outflows of resources	<u>\$ 23,842</u>	<u>\$ 111,087</u>	<u>\$ 134,929</u>
<b>Deferred inflows of resources</b>			
Net difference between projected and actual earnings on pension plan investments	<u>\$ 33,604</u>	<u>\$ 269,980</u>	<u>\$ 303,584</u>

\$119,118 reported as deferred outflows of resources related to pension resulting from NDA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 20 - NEWARK DIGITAL ACADEMY - (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2016	\$ (7,960)	\$ (63,983)	\$ (71,943)
2017	(7,960)	(63,983)	(71,943)
2018	(7,960)	(63,983)	(71,943)
2019	<u>(7,962)</u>	<u>(63,982)</u>	<u>(71,944)</u>
Total	<u>\$ (31,842)</u>	<u>\$ (255,931)</u>	<u>\$ (287,773)</u>

**RECEIVABLES**

Receivables at June 30, 2015 consisted of intergovernmental grants in the amount of \$82,872. These intergovernmental receivables are expected to be collected in the subsequent year.

**LONG-TERM OBLIGATIONS**

The NDA's long-term obligations during the year consist of the following:

	Restated Balance <u>June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2015</u>	Amounts Due in <u>One Year</u>
Net pension liability:					
STRS	\$ 1,738,335	\$ -	\$ (279,012)	\$ 1,459,323	\$ -
SERS	<u>243,279</u>	<u>-</u>	<u>(36,236)</u>	<u>207,043</u>	<u>-</u>
Total net pension liability	<u>\$ 1,981,614</u>	<u>\$ -</u>	<u>\$ (315,248)</u>	<u>\$ 1,666,366</u>	<u>\$ -</u>

**NOTE 21 - PAR EXCELLENCE ACADEMY**

The Par Excellence Academy, Licking County, Ohio (the "Academy") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702, to maintain and provide an Academy exclusively for any educational, literary, scientific and related teaching service, that qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy's tax exempt status. The Academy's objective is to deliver a unique opportunity for students who show a strong interest or talent in the visual arts which can be delivered to students in grades Kindergarten through 3<sup>rd</sup> grade. It is to be operated in cooperation with the public schools to provide an appreciation of the visual arts through studies of its history, theory and design. The Academy, which is part of the State's education program, is nonsectarian in its programs, admissions policies, employment practices, and all other operations. The Academy may acquire facilities as needed and contract for any services necessary for the operation of the school.



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 21 - PAR EXCELLENCE ACADEMY - (Continued)**

The Academy was approved for operation under a contract with the Newark City School District (the “Sponsor”) for the period July 1, 2014 through June 30, 2017. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. During fiscal year 2015, the Academy paid \$37,584 in sponsorship fees to the Newark City School District. The Academy is considered a component unit of the Newark City School District for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61.

The Academy operates under the direction of a self-appointed nine-member Board of Trustees. The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards and qualifications of teachers. The Board controls the Academy’s one instructional/support facility staffed by 2 non-certified staff members and 11 certified staff members who provide services to 145 students.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Academy have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District’s significant accounting policies are described below.

**Basis of Presentation** - The Academy uses enterprise accounting to report on its financial activities. Enterprise accounting focuses on the determination of operating income, changes in net position, financial position and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods and services.

**Measurement Focus and Basis of Accounting** - Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources are included on the statement of net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

**Deferred Outflows of Resources and Deferred Inflows of Resources** - In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Academy, deferred outflows of resources have been reported for the following two items related the Academy’s net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the Academy’s contributions to the pension systems subsequent to the measurement date.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 21 - PAR EXCELLENCE ACADEMY - (Continued)**

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Academy, deferred inflows of resources include the net difference between projected and actual earnings on pension plan investments related to the Academy's net pension liability.

**Budgetary Process** - Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Section 5705, except House Bill 364, which took effect April 8, 2003, added Ohio Rev. Code Section 3314.03 (11) (d), which states that community schools must comply with Ohio Rev. Code Section 5705.391. This requires each community school to submit to the Ohio Department of Education (ODE) a five year forecast no later than October 31 of each year.

**Cash** - All monies received by the Academy are deposited into demand deposit accounts.

**Net Position** - Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Academy applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Intergovernmental Revenue** - The Academy currently participates in the State Foundation Program, the IDEA B grant, the Straight A grant, the Title I grant, and the Title IIA grant. Revenue from the State Foundation Program is recognized as operating revenue in the accounting period in which all eligibility requirements have been met. Amounts awarded under State Foundation Program for the 2015 school year excluding federal and State grants totaled \$1,030,744.

Revenues received from the remaining programs are recognized as non-operating revenues in the accompanying financial statements. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility includes timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Academy must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. State and federal grants revenue for the fiscal year 2015 received was \$204,572.

In addition, the Academy received \$3,750 in local contributions and donations during fiscal year 2015.

**Estimates** - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 21 - PAR EXCELLENCE ACADEMY - (Continued)**

**Compensated Absences** - In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. The Academy does not have a policy regarding the payment of unused sick leave for termination (severance) benefits; therefore, a liability is not accrued for unused sick leave at fiscal year-end. The Academy does have a policy that allows employees to carry over or be compensated for unused vacation leave at fiscal year-end; therefore a liability has been recorded for unused vacation leave at fiscal year-end.

**Capital Assets and Depreciation** - All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The Academy maintains a capitalization threshold of \$1,000. The Academy does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	30 years
Equipment	5 - 20 years

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

**Prepayments** - Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the financial statements using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**CHANGE IN ACCOUNTING PRINCIPLES**

**Change in Accounting Principles/Restatement of Net Position**

For fiscal year 2015, the Academy has implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27", GASB Statement No. 69 "Government Combinations and Disposals of Government Operations", and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68".

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 21 - PAR EXCELLENCE ACADEMY - (Continued)**

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the Academy.

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the Academy's pension plan disclosures and added required supplementary information.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

A net position restatement is required in order to implement GASB Statement No 68 and 71. The governmental activities at July 1, 2014 have been restated as follows:

	Governmental Activities
Net position as previously reported	\$ 711,859
Deferred outflows - payments subsequent to measurement date	78,096
Net pension liability	(1,563,618)
Restated net position at July 1, 2014	\$ (773,663)

Other than employer contributions subsequent to the measurement date, the Academy made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on fund balances.

**DEPOSITS**

At June 30, 2015, the carrying amount of all Academy deposits was \$658,476. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, \$359,723 of the Academy's bank balance of \$662,149 was exposed to custodial risk as discussed below, while \$302,426 was covered by the Federal Deposit Insurance Corporation (FDIC).

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 21 - PAR EXCELLENCE ACADEMY - (Continued)**

Custodial credit risk is the risk that, in the event of bank failure, the Academy's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Academy. The Academy has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Academy to a successful claim by the FDIC.

**RECEIVABLES**

Receivables at June 30, 2015 consisted of intergovernmental grants and entitlements in the amount of \$41,520. These receivables are expected to be collected in the subsequent year.

**LONG-TERM OBLIGATIONS**

The Academy's long-term obligations during the year consist of the following:

	Restated Balance			Balance	Amounts Due in
	<u>June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2015</u>	<u>One Year</u>
Net pension liability:					
STRS	\$ 1,270,447	\$ -	\$ (203,914)	\$ 1,066,533	\$ -
SERS	<u>293,171</u>	<u>-</u>	<u>(43,667)</u>	<u>249,504</u>	<u>-</u>
Total net pension liability	<u>\$ 1,563,618</u>	<u>\$ -</u>	<u>\$ (247,581)</u>	<u>\$ 1,316,037</u>	<u>\$ -</u>

**COMPENSATED ABSENCES**

Employees accumulate sick leave at a rate of 5 days per year. Unused sick leave may accumulate up to 30 days. Some employees accumulate vacation leave at a rate of up to 14 days per year. Unused vacation leave may accumulate up to a maximum of 20 days. A liability for unused vacation leave in the amount of \$11,378 at June 30 is recorded on the statement of net position.

**RISK MANAGEMENT**

**Property and Liability** - The Academy 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. The Academy maintains insurance coverage for its building, theft, general liability, contents liability, employee dishonesty, forgery, and computer equipment. The Academy owns the building and land on which it is located at 96 Maholm Street, Newark, Ohio 43055.

Settled claims have not exceeded commercial coverage in the past three years. There was no significant reduction from the prior year.

**Workers' Compensation** - The Academy pays the State Workers' Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly gross total payroll by a factor that is calculated by the State.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 21 - PAR EXCELLENCE ACADEMY - (Continued)**

**CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Additions	Disposals	Balance June 30, 2015
<i>Capital assets, not being depreciated:</i>				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Non-depreciable capital assets	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
<i>Capital assets, being depreciated:</i>				
Buildings	142,000	-	-	142,000
Equipment	106,613	25,298	-	131,911
Depreciable capital assets	<u>248,613</u>	<u>25,298</u>	<u>-</u>	<u>273,911</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(13,410)	(4,733)	-	(18,143)
Equipment	(97,454)	(6,028)	-	(103,482)
Total accumulated depreciation	<u>(110,864)</u>	<u>(10,761)</u>	<u>-</u>	<u>(121,625)</u>
Governmental activities capital assets, net	<u>\$ 147,749</u>	<u>\$ 14,537</u>	<u>\$ -</u>	<u>\$ 162,286</u>

**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 Academy’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.

**Plan Description - School Employees Retirement System (SERS)** - Academy non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 21 - PAR EXCELLENCE ACADEMY - (Continued)**

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The Academy’s contractually required contribution to SERS was \$17,663 for fiscal year 2015.

**Plan Description - State Teachers Retirement System (STRS)** - Academy licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The Academy was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The Academy’s contractually required contribution to STRS was \$74,369 for fiscal year 2015.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy’s proportion of the net pension liability was based on the Academy’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>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 249,504	\$ 1,066,533	\$ 1,316,037
Proportion of the net pension liability	0.00493000%	0.00438480%	
Pension expense	\$ 14,559	\$ 41,372	\$ 55,931

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 21 - PAR EXCELLENCE ACADEMY - (Continued)**

At June 30, 2015, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 2,124	\$ 10,268	\$ 12,392
Academy contributions subsequent to the measurement date	17,663	74,369	92,032
Total deferred outflows of resources	\$ 19,787	\$ 84,637	\$ 104,424
<b>Deferred inflows of resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$ 40,495	\$ 197,313	\$ 237,808

\$92,032 reported as deferred outflows of resources related to pension resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2016	\$ (9,593)	\$ (46,761)	\$ (56,354)
2017	(9,593)	(46,761)	(56,354)
2018	(9,593)	(46,761)	(56,354)
2019	(9,592)	(46,762)	(56,354)
Total	\$ (38,371)	\$ (187,045)	\$ (225,416)

**CONTINGENCIES**

**Grants** - The Academy received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Academy at June 30, 2015, if applicable, cannot be determined at this time.



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 21 - PAR EXCELLENCE ACADEMY - (Continued)**

**State Foundation Funding** - The Ohio Department of Education (ODE) conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. As a result of the fiscal year 2015 reviews, the Academy is due \$6,871 from ODE. This amount has been reported as an intergovernmental receivable on the statement of net position. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 foundation funding for the Academy; therefore the final financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the Academy. The final adjustment to state funding is expected to be immaterial.

**Litigation** - The Academy is not involved in any litigation that, in the opinion of management, would have a material effect on the financial statements.

**SERVICE AGREEMENT**

The Academy entered into a one-year contract on July 20, 2014 with Licking Area Computer Association (LACA) for certain computer, data processing and application services for the fiscal year ended June 30, 2015. Under this contract, the following terms were agreed upon:

1. LACA shall provide fiscal administration services, including access to financial software through OECN, electronic filing of data, user training, software upgrades, disaster recovery, EMIS compliance procedures and providing staff and resources to support the business process.
2. LACA shall provide student administration systems, including access to the Student Information System (SIS), data archival and retrieval support, help desk support, and preprinted forms needed for grade cards, schedule cards, grade scans and transcripts.
3. LACA shall provide EMIS system and services, including access to State EMIS software, interface to SIS and OECN financial software, creation and use of custom user defined reports, and district report card assistance.
4. LACA shall provide library services, including access to INFOhio Library Automation software, INFOhio electronic resource support, and INFOhio compliance procedures.
5. LACA shall provide video distance learning services, including coordinating, developing and delivering local professional development activities, daily management and troubleshooting of video network, technical training, and troubleshooting and coordination of specific video related hardware.
6. The fees for the services provided are based on a base fee plus a fee per student which vary per type of service. The total fee is \$24.33 per student.

For fiscal year 2015, \$2,894 was paid to LACA for services related to the service agreement. To obtain LACA's audited June 30, 2015 financial statements; please contact Mr. Jon Bowers, Executive Director, 150 South Quentin Rd., Newark, Ohio 43055.

THIS PAGE IS INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TWO FISCAL YEARS

	<b>2014</b>	<b>2013</b>
District's proportion of the net pension liability	0.28305800%	0.28305800%
District's proportionate share of the net pension liability	\$ 14,325,404	\$ 16,832,551
District's covered-employee payroll	\$ 8,225,115	\$ 7,804,321
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.17%	215.68%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.52%

Note: Information prior to fiscal year 2013 was unavailable.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TWO FISCAL YEARS

	<b>2014</b>	<b>2013</b>
District's proportion of the net pension liability	0.26505768%	0.26505768%
District's proportionate share of the net pension liability	\$ 64,471,201	\$ 76,797,673
District's covered-employee payroll	\$ 27,081,569	\$ 28,403,269
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.06%	270.38%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%

Note: Information prior to fiscal year 2013 was unavailable.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 1,133,287	\$ 1,140,001	\$ 1,080,118	\$ 1,075,688
Contributions in relation to the contractually required contribution	<u>(1,133,287)</u>	<u>(1,140,001)</u>	<u>(1,080,118)</u>	<u>(1,075,688)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 8,598,536	\$ 8,225,115	\$ 7,804,321	\$ 7,997,680
Contributions as a percentage of covered-employee payroll	13.18%	13.86%	13.84%	13.45%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 947,903	\$ 995,303	\$ 720,877	\$ 736,674	\$ 849,152	\$ 814,182
<u>(947,903)</u>	<u>(995,303)</u>	<u>(720,877)</u>	<u>(736,674)</u>	<u>(849,152)</u>	<u>(814,182)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,540,994	\$ 7,350,835	\$ 7,325,986	\$ 7,501,772	\$ 7,950,861	\$ 7,695,482
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 3,860,237	\$ 3,520,604	\$ 3,692,425	\$ 3,834,433
Contributions in relation to the contractually required contribution	<u>(3,860,237)</u>	<u>(3,520,604)</u>	<u>(3,692,425)</u>	<u>(3,834,433)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 27,573,121	\$ 27,081,569	\$ 28,403,269	\$ 29,495,638
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%



<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 3,649,020	\$ 3,610,550	\$ 3,676,213	\$ 3,637,574	\$ 3,927,399	\$ 3,902,637
<u>(3,649,020)</u>	<u>(3,610,550)</u>	<u>(3,676,213)</u>	<u>(3,637,574)</u>	<u>(3,927,399)</u>	<u>(3,902,637)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 28,069,385	\$ 27,773,462	\$ 28,278,562	\$ 27,981,338	\$ 30,210,762	\$ 30,020,285
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financials for the methods and assumptions in this calculation.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financials for the methods and assumptions in this calculation.

COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES  
  
SUPPLEMENTAL INFORMATION

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**MAJOR FUNDS**

**General Fund**

The general fund is used to account for resources traditionally associated with a school district which are not required legally or by sound financial management to be accounted for in another fund. These activities include, but are not limited to, general instruction, pupil services, operation and maintenance of facilities, student transportation, and administration

Since the legal level of budgetary control is not greater than that presented in the basic financial statements, no additional financial statements are presented for the general fund.

**OTHER MAJOR FUNDS**

**Debt Service**

A fund used to account for and report financial resources that are restricted, committed, or assigned to expenditure for payment of general obligation bond principal and interest and certain long-term obligations from governmental resources when the government is obligated in some manner for payment. It is also used to account for the accumulation of resources and payment of general obligation bonds and library bonds payable, as required by Ohio Law.

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget- Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Debt Service</b>				
Total Revenues and Other Sources . . . . .	\$ 6,545,000	\$ 6,545,000	\$ 4,480,513	\$ (2,064,487)
Total Expenditures and Other Uses . . . . .	<u>4,951,796</u>	<u>4,951,796</u>	<u>4,947,372</u>	<u>4,424</u>
Net Change in Fund Balance . . . . .	1,593,204	1,593,204	(466,859)	(2,060,063)
Fund balance at beginning of year . . . . .	<u>1,791,011</u>	<u>1,791,011</u>	<u>1,791,011</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 3,384,215</u>	<u>\$ 3,384,215</u>	<u>\$ 1,324,152</u>	<u>\$ (2,060,063)</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 4,969,935	\$ 3,168,639	\$ 8,138,574
Receivables:			
Property taxes . . . . .	-	1,547,668	1,547,668
Intergovernmental . . . . .	560,677	-	560,677
Interfund loans . . . . .	-	196,022	196,022
Prepayments. . . . .	2,601	-	2,601
Materials and supplies inventory . . . . .	6,673	-	6,673
Inventory held for resale. . . . .	10,381	-	10,381
Total assets. . . . .	\$ 5,550,267	\$ 4,912,329	\$ 10,462,596
<b>Liabilities:</b>			
Accounts payable. . . . .	\$ 22,991	\$ 437	\$ 23,428
Contracts payable. . . . .	-	48,623	48,623
Accrued wages and benefits . . . . .	575,786	-	575,786
Compensated absences payable . . . . .	3,254	-	3,254
Pension obligation payable. . . . .	150,228	-	150,228
Intergovernmental payable . . . . .	23,009	-	23,009
Interfund loan payable . . . . .	-	196,022	196,022
Total liabilities . . . . .	775,268	245,082	1,020,350
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year . . . . .	-	1,325,788	1,325,788
Delinquent property tax revenue not available . . . . .	-	130,240	130,240
Intergovernmental revenue not available. . . . .	560,677	-	560,677
Total deferred inflows of resources. . . . .	560,677	1,456,028	2,016,705
<b>Fund balances:</b>			
Nonspendable:			
Materials and supplies inventory. . . . .	6,673	-	6,673
Prepays. . . . .	2,601	-	2,601
Restricted:			
Capital improvements . . . . .	-	3,302,588	3,302,588
Classroom facilities maintenance . . . . .	2,961,856	-	2,961,856
Food service operations . . . . .	1,331,365	-	1,331,365
Non-public schools . . . . .	12,192	-	12,192
Other purposes. . . . .	18,018	-	18,018
Extracurricular . . . . .	286,760	-	286,760
Unassigned (deficit) . . . . .	(405,143)	(91,369)	(496,512)
Total fund balances . . . . .	4,214,322	3,211,219	7,425,541
Total liabilities, deferred inflows and fund balances .	\$ 5,550,267	\$ 4,912,329	\$ 10,462,596

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>			
From local sources:			
Property taxes . . . . .	\$ 412,881	\$ 970,855	\$ 1,383,736
Payment in lieu of taxes . . . . .	-	837	837
Earnings on investments . . . . .	2,245	1,748	3,993
Charges for services . . . . .	441,786	-	441,786
Extracurricular . . . . .	179,884	-	179,884
Contributions and donations . . . . .	39,464	-	39,464
Other local revenues . . . . .	15,574	-	15,574
Intergovernmental - state . . . . .	1,027,276	270,472	1,297,748
Intergovernmental - federal . . . . .	6,434,847	-	6,434,847
<b>Total revenues . . . . .</b>	<b>8,553,957</b>	<b>1,243,912</b>	<b>9,797,869</b>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular. . . . .	175,418	220,671	396,089
Special . . . . .	3,380,047	-	3,380,047
Support services:			
Pupil . . . . .	138,366	-	138,366
Instructional staff. . . . .	1,115,989	-	1,115,989
Administration . . . . .	125,523	-	125,523
Fiscal. . . . .	6,100	22,037	28,137
Operations and maintenance . . . . .	336,873	200,569	537,442
Pupil transportation . . . . .	36,240	338,800	375,040
Central . . . . .	-	12,763	12,763
Operation of non-instructional services:			
Food service operations . . . . .	792,199	-	792,199
Other non-instructional services . . . . .	2,207,019	-	2,207,019
Extracurricular activities. . . . .	163,476	-	163,476
Facilities acquisition and construction. . . . .	69,267	505,606	574,873
<b>Total expenditures . . . . .</b>	<b>8,546,517</b>	<b>1,300,446</b>	<b>9,846,963</b>
Net change in fund balances. . . . .	7,440	(56,534)	(49,094)
<b>Fund balances at beginning of year . . . . .</b>	<b>4,234,015</b>	<b>3,267,753</b>	<b>7,501,768</b>
<b>Increase in reserve for inventory . . . . .</b>	<b>(27,133)</b>	<b>-</b>	<b>(27,133)</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 4,214,322</b>	<b>\$ 3,211,219</b>	<b>\$ 7,425,541</b>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**FUND DESCRIPTIONS**

**Nonmajor Special Revenue Funds**

The special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The title of each special revenue fund is descriptive of the activities accounted for therein. The nonmajor special revenue funds are:

**Miscellaneous Grants**

To account for a number of small local grants that are restricted for specific expenditures.

**District Managed Student Activity**

To account for those student activity programs which have student participation in the activity, but do not have student management of the programs. This fund includes athletic programs as well as band, cheerleaders, drama clubs, and other similar types of activities.

**Auxiliary Services**

To account for State funds which provide services and materials to students attending non-public schools within the boundaries of the District as provided by State law.

**Public School Preschool**

To account for State funds provided to the District for paying the cost of preschool programs for three and four year olds.

**Data Communications**

To account for revenues received from the State to be used to install and provide support costs for data communication links to connect any school to the local A-site.

**Alternative Schools**

To account for alternative educational programs for existing and new at-risk and delinquent youth. Programs shall be focused on youth in one or more of the following categories: those who have been expelled or suspended, those who have dropped out of school or who are at risk of dropping out of school, those who are habitually truant or disruptive, or those on probation or on parole from a Department of Youth Services' facility.

**Miscellaneous State Grants**

To account for monies received from State agencies which are not classified elsewhere.

**Resident Educator**

To account for federal monies whose purpose is to create education jobs. Jobs funded under this program include those that provide educational and related services for early childhood, elementary, and secondary education

**Title VI-B**

To account for Federal funds for the provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels; assist in the training of teachers, supervisors and other specialists in providing educational services to the handicapped.



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**FUND DESCRIPTIONS**

**Nonmajor Special Revenue Funds (Continued)**

**Stimulus Title II D**

To account for Federal stimulus funds that provides the District with funding for classroom technology resources and professional development on technology integration.

**Title I**

To account for Federal funds for services provided to meet special educational needs of educationally deprived children

**EHA Preschool Grant**

To account for Federal funds used for the improvement and expansion of services for handicapped children ages three through five years.

**Reducing Class Size**

To account for a Federal grant aimed at reducing class sizes through out the District.

**Miscellaneous Federal Grants**

To account for Federal revenues received through State agencies from the Federal government or directly from the Federal government which are not classified elsewhere.

**Food Service**

To account for all revenues and expenditures related to the provision of food services, including breakfast and lunch, for the District students and staff.

**Classroom Facilities Maintenance**

To account for revenues earmarked for the maintenance of facilities.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**FUND DESCRIPTIONS**

**Nonmajor Special Revenue Funds (Continued)**

The following funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis). These funds are not included in the combining statements for the nonmajor special revenue funds since they are reported in the general fund (GAAP basis); however, the budgetary schedules for these funds are presented in this section.

**School Activity Trusts**

To account for trust agreements in which the principal and income are used to support District programs

**Staff Trusts**

To account for revenues and expenditures related to vending and donations from employees to support District programs

**Rotary Fund - Special Services**

To account for operations made in connection with goods and services provided by the District

**Rotary Fund**

To account for operations that provide goods or services to other governmental units on a cost-reimbursement basis

**Public School Support**

To account for specific local revenue sources (other than taxes) generated by individual school buildings (e.g. sales of pictures, profits from vending machines, etc.). Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs.

THIS PAGE IS INTENTIONALLY LEFT BLANK

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2015

	<b>Miscellaneous Grants</b>	<b>District Managed Student Activity</b>	<b>Auxiliary Services</b>	<b>Alternative Schools</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 16,202	\$ 289,175	\$ 31,291	\$ -
Receivables:				
Intergovernmental . . . . .	-	-	-	-
Prepayments. . . . .	-	-	-	-
Materials and supplies inventory . . . . .	-	-	-	-
Inventory held for resale. . . . .	-	-	-	-
Total assets. . . . .	\$ 16,202	\$ 289,175	\$ 31,291	\$ -
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 8	\$ 796	\$ 758	\$ -
Accrued wages and benefits . . . . .	-	-	15,508	616
Compensated absences payable . . . . .	-	-	-	-
Pension obligation payable. . . . .	-	1,577	2,195	376
Intergovernmental payable . . . . .	-	42	638	145
Total liabilities. . . . .	8	2,415	19,099	1,137
<b>Deferred inflows of resources:</b>				
Intergovernmental revenue not available. . . . .	-	-	-	-
Total deferred inflows of resources. . . . .	-	-	-	-
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory. . . . .	-	-	-	-
Prepays. . . . .	-	-	-	-
Restricted:				
Classroom facilities maintenance . . . . .	-	-	-	-
Food service operations . . . . .	-	-	-	-
Non-public schools . . . . .	-	-	12,192	-
Other purposes. . . . .	16,194	-	-	-
Extracurricular . . . . .	-	286,760	-	-
Unassigned (deficit) . . . . .	-	-	-	(1,137)
Total fund balances (deficit) . . . . .	16,194	286,760	12,192	(1,137)
Total liabilities, deferred inflows and fund balances .	\$ 16,202	\$ 289,175	\$ 31,291	\$ -

<u>Miscellaneous State Grants</u>	<u>Resident Educator</u>	<u>Title VI-B</u>	<u>Title I</u>	<u>EHA Preschool Grant</u>	<u>Reducing Class Size</u>
\$ 1,710	\$ -	\$ 11,904	\$ 92,692	\$ 1,666	\$ 13,284
4,226	-	-	444,326	1,787	110,338
-	-	-	1,001	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 5,936</u>	<u>\$ -</u>	<u>\$ 11,904</u>	<u>\$ 538,019</u>	<u>\$ 3,453</u>	<u>\$ 123,622</u>
\$ -	\$ -	\$ 266	\$ 452	\$ -	\$ -
2	-	170,469	219,524	2,894	41,016
-	-	-	3,254	-	-
242	-	35,157	27,545	634	5,364
66	-	5,611	9,528	127	1,711
<u>310</u>	<u>-</u>	<u>211,503</u>	<u>260,303</u>	<u>3,655</u>	<u>48,091</u>
4,226	-	-	444,326	1,787	110,338
<u>4,226</u>	<u>-</u>	<u>-</u>	<u>444,326</u>	<u>1,787</u>	<u>110,338</u>
-	-	-	-	-	-
-	-	-	1,001	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,400	-	-	-	-	-
-	-	-	-	-	-
-	-	(199,599)	(167,611)	(1,989)	(34,807)
1,400	-	(199,599)	(166,610)	(1,989)	(34,807)
<u>\$ 5,936</u>	<u>\$ -</u>	<u>\$ 11,904</u>	<u>\$ 538,019</u>	<u>\$ 3,453</u>	<u>\$ 123,622</u>

- Continued

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
 COMBINING BALANCE SHEET (CONTINUED)  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2015

	<u>Miscellaneous Federal Grants</u>	<u>Food Service</u>	<u>Classroom Facilities Maintenance</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 1,205	\$ 1,548,950	\$ 2,961,856	4,969,935
Receivables:				
Intergovernmental . . . . .	-	-	-	560,677
Prepayments. . . . .	-	1,600	-	2,601
Materials and supplies inventory . . . . .	-	6,673	-	6,673
Inventory held for resale. . . . .	-	10,381	-	10,381
Total assets. . . . .	<u>\$ 1,205</u>	<u>\$ 1,567,604</u>	<u>\$ 2,961,856</u>	<u>\$ 5,550,267</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ -	\$ 20,711	\$ -	\$ 22,991
Accrued wages and benefits . . . . .	4	125,753	-	575,786
Compensated absences payable . . . . .	-	-	-	3,254
Pension obligation payable. . . . .	375	76,763	-	150,228
Intergovernmental payable . . . . .	402	4,739	-	23,009
Total liabilities. . . . .	<u>781</u>	<u>227,966</u>	<u>-</u>	<u>775,268</u>
<b>Deferred inflows of resources:</b>				
Intergovernmental revenue not available. . . . .	-	-	-	560,677
Total deferred inflows of resources. . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>560,677</u>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory. . . . .	-	6,673	-	6,673
Prepays. . . . .	-	1,600	-	2,601
Restricted:				
Classroom facilities maintenance . . . . .	-	-	2,961,856	2,961,856
Food service operations . . . . .	-	1,331,365	-	1,331,365
Non-public schools . . . . .	-	-	-	12,192
Other purposes. . . . .	424	-	-	18,018
Extracurricular . . . . .	-	-	-	286,760
Unassigned (deficit) . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>(405,143)</u>
Total fund balances (deficit) . . . . .	<u>424</u>	<u>1,339,638</u>	<u>2,961,856</u>	<u>4,214,322</u>
Total liabilities, deferred inflows and fund balances .	<u>\$ 1,205</u>	<u>\$ 1,567,604</u>	<u>\$ 2,961,856</u>	<u>\$ 5,550,267</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Miscellaneous Grants</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>	<u>Public School Preschool</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ -	\$ -	\$ -	\$ -
Earnings on investments . . . . .	-	-	379	-
Charges for services . . . . .	-	-	-	-
Extracurricular . . . . .	-	179,884	-	-
Contributions and donations . . . . .	15,770	23,694	-	-
Other local revenues . . . . .	-	15,574	-	-
Intergovernmental - state . . . . .	-	-	592,057	220,000
Intergovernmental - federal . . . . .	-	-	-	-
Total revenues . . . . .	<u>15,770</u>	<u>219,152</u>	<u>592,436</u>	<u>220,000</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	15,034	-	-	-
Special . . . . .	-	33,286	-	142,772
Support services:				
Pupil . . . . .	1,825	-	-	-
Instructional staff . . . . .	337	-	-	71,128
Administration . . . . .	-	-	-	-
Fiscal . . . . .	-	-	-	6,100
Operations and maintenance . . . . .	-	-	-	-
Pupil transportation . . . . .	-	-	-	-
Operation of non-instructional services:				
Food service operations . . . . .	-	-	-	-
Other non-instructional services . . . . .	1,802	600	748,759	-
Extracurricular activities . . . . .	-	163,476	-	-
Facilities acquisition and construction . . . . .	14,190	-	-	-
Total expenditures . . . . .	<u>33,188</u>	<u>197,362</u>	<u>748,759</u>	<u>220,000</u>
Net change in fund balances . . . . .	(17,418)	21,790	(156,323)	-
<b>Fund balances (deficits)</b>				
at beginning of year . . . . .	33,612	264,970	168,515	-
Increase in reserve for inventory . . . . .	-	-	-	-
<b>Fund balances (deficits) at end of year . . . . .</b>	<u>\$ 16,194</u>	<u>\$ 286,760</u>	<u>\$ 12,192</u>	<u>\$ -</u>



<u>Data Communications</u>	<u>Alternative Schools</u>	<u>Miscellaneous State Grants</u>	<u>Resident Educator</u>	<u>Title VI-B</u>	<u>Stimulus Title II D</u>	<u>Title I</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
19,800	50,656	32,835	-	-	-	-
-	-	-	-	1,480,776	-	2,452,272
<u>19,800</u>	<u>50,656</u>	<u>32,835</u>	<u>-</u>	<u>1,480,776</u>	<u>-</u>	<u>2,452,272</u>
19,800	2,640	6,188	-	-	-	-
-	-	-	-	1,425,491	-	1,745,278
-	51,532	-	-	29,778	-	-
-	-	22,264	500	-	-	697,029
-	-	-	-	123,983	-	-
-	-	-	-	-	-	-
-	-	-	-	36,240	-	-
-	-	-	-	-	-	-
-	-	-	-	15,478	-	25,560
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>19,800</u>	<u>54,172</u>	<u>28,452</u>	<u>500</u>	<u>1,630,970</u>	<u>-</u>	<u>2,467,867</u>
-	(3,516)	4,383	(500)	(150,194)	-	(15,595)
-	2,379	(2,983)	500	(49,405)	-	(151,015)
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ (1,137)</u>	<u>\$ 1,400</u>	<u>\$ -</u>	<u>\$ (199,599)</u>	<u>\$ -</u>	<u>\$ (166,610)</u>

- Continued

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>EHA Preschool Grant</u>	<u>Reducing Class Size</u>	<u>Miscellaneous Federal Grants</u>	<u>Food Service</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ -	\$ -	\$ -	\$ -
Earnings on investments . . . . .	-	-	-	1,866
Charges for services . . . . .	-	-	-	441,786
Extracurricular . . . . .	-	-	-	-
Contributions and donations . . . . .	-	-	-	-
Other local revenues . . . . .	-	-	-	-
Intergovernmental - state . . . . .	-	-	-	41,997
Intergovernmental - federal . . . . .	33,468	350,099	200,023	1,918,209
Total revenues . . . . .	<u>33,468</u>	<u>350,099</u>	<u>200,023</u>	<u>2,403,858</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	-	-	131,756	-
Special . . . . .	33,220	-	-	-
Support services:				
Pupil . . . . .	-	-	55,231	-
Instructional staff . . . . .	-	321,231	3,500	-
Administration . . . . .	-	1,540	-	-
Fiscal . . . . .	-	-	-	-
Operations and maintenance . . . . .	-	-	-	20,655
Pupil transportation . . . . .	-	-	-	-
Operation of non-instructional services:				
Food service operations . . . . .	-	-	-	2,207,019
Other non-instructional services . . . . .	-	-	-	-
Extracurricular activities . . . . .	-	-	-	-
Facilities acquisition and construction . . . . .	-	-	-	-
Total expenditures . . . . .	<u>33,220</u>	<u>322,771</u>	<u>190,487</u>	<u>2,227,674</u>
Net change in fund balances . . . . .	248	27,328	9,536	176,184
<b>Fund balances (deficits)</b>				
<b>at beginning of year . . . . .</b>	(2,237)	(62,135)	(9,112)	1,190,587
<b>Increase in reserve for inventory . . . . .</b>	-	-	-	(27,133)
<b>Fund balances (deficits) at end of year . . . . .</b>	<u>\$ (1,989)</u>	<u>\$ (34,807)</u>	<u>\$ 424</u>	<u>\$ 1,339,638</u>

<u>Classroom Facilities Maintenance</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 412,881	\$ 412,881
-	2,245
-	441,786
-	179,884
-	39,464
-	15,574
69,931	1,027,276
-	<u>6,434,847</u>
<u>482,812</u>	<u>8,553,957</u>
-	175,418
-	3,380,047
-	138,366
-	1,115,989
-	125,523
-	6,100
316,218	336,873
-	36,240
-	2,207,019
-	792,199
-	163,476
<u>55,077</u>	<u>69,267</u>
<u>371,295</u>	<u>8,546,517</u>
111,517	7,440
2,850,339	4,234,015
-	<u>(27,133)</u>
<u>\$ 2,961,856</u>	<u>\$ 4,214,322</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Miscellaneous Grants</b>				
Total Revenues and Other Sources . . . . .	\$ 20,800	\$ 20,800	\$ 15,770	\$ (5,030)
Total Expenditures and Other Uses . . . . .	<u>42,535</u>	<u>58,305</u>	<u>45,799</u>	<u>12,506</u>
Net Change in Fund Balance . . . . .	(21,735)	(37,505)	(30,029)	7,476
Fund balance at beginning of year . . . . .	24,377	24,377	24,377	-
Prior year encumbrances appropriated. . . . .	<u>18,159</u>	<u>18,159</u>	<u>18,159</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 20,801</u>	<u>\$ 5,031</u>	<u>\$ 12,507</u>	<u>\$ 7,476</u>
<b>District Managed Student Activity</b>				
Total Revenues and Other Sources . . . . .	\$ 147,000	\$ 147,000	\$ 258,806	\$ 111,806
Total Expenditures and Other Uses . . . . .	<u>283,515</u>	<u>291,935</u>	<u>251,980</u>	<u>39,955</u>
Net Change in Fund Balance . . . . .	(136,515)	(144,935)	6,826	151,761
Fund balance at beginning of year . . . . .	252,138	252,138	252,138	-
Prior year encumbrances appropriated. . . . .	<u>20,326</u>	<u>20,326</u>	<u>20,326</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 135,949</u>	<u>\$ 127,529</u>	<u>\$ 279,290</u>	<u>\$ 151,761</u>
<b>Auxiliary Services</b>				
Total Revenues and Other Sources . . . . .	\$ 593,720	\$ 624,528	\$ 763,312	\$ 138,784
Total Expenditures and Other Uses . . . . .	<u>811,442</u>	<u>781,511</u>	<u>922,919</u>	<u>(141,408)</u>
Net Change in Fund Balance . . . . .	(217,722)	(156,983)	(159,607)	(2,624)
Fund balance at beginning of year . . . . .	187,748	187,748	187,748	-
Prior year encumbrances appropriated. . . . .	<u>44</u>	<u>44</u>	<u>44</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ (29,930)</u>	<u>\$ 30,809</u>	<u>\$ 28,185</u>	<u>\$ (2,624)</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Public School Preschool</b>				
Total Revenues and Other Sources . . . . .	\$ 220,000	\$ 220,000	\$ 220,000	\$ -
Total Expenditures and Other Uses . . . . .	<u>220,000</u>	<u>220,000</u>	<u>220,000</u>	<u>-</u>
Net Change in Fund Balance . . . . .	-	-	-	-
Fund balance at beginning of year . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit)at end of year . . . . .	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>Data Communications</b>				
Total Revenues and Other Sources . . . . .	\$ 19,800	\$ 19,800	\$ 19,800	\$ -
Total Expenditures and Other Uses . . . . .	<u>19,800</u>	<u>19,800</u>	<u>19,800</u>	<u>-</u>
Net Change in Fund Balance . . . . .	-	-	-	-
Fund balance at beginning of year . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year . . . . .	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>Alternative Schools</b>				
Total Revenues and Other Sources . . . . .	\$ 56,423	\$ 58,313	\$ 58,313	\$ -
Total Expenditures and Other Uses . . . . .	<u>56,166</u>	<u>58,313</u>	<u>58,313</u>	<u>-</u>
Net Change in Fund Balance . . . . .	257	-	-	-
Fund balance at beginning of year . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year . . . . .	<u><u>\$ 257</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Miscellaneous State Grants</b>				
Total Revenues and Other Sources . . . . .	\$ 27,501	\$ 37,229	\$ 33,003	\$ (4,226)
Total Expenditures and Other Uses . . . . .	<u>28,386</u>	<u>38,222</u>	<u>32,287</u>	<u>5,935</u>
Net Change in Fund Balance . . . . .	(885)	(993)	716	1,709
Fund balance at beginning of year . . . . .	<u>994</u>	<u>994</u>	<u>994</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 109</u>	<u>\$ 1</u>	<u>\$ 1,710</u>	<u>\$ 1,709</u>
<b>Resident Educator</b>				
Total Revenues and Other Sources . . . . .	\$ -	\$ -	\$ -	\$ -
Total Expenditures and Other Uses . . . . .	<u>711</u>	<u>711</u>	<u>711</u>	<u>-</u>
Net Change in Fund Balance . . . . .	(711)	(711)	(711)	-
Fund balance at beginning of year . . . . .	-	-	-	-
Prior year encumbrances appropriated. . . . .	<u>711</u>	<u>711</u>	<u>711</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Title VI-B</b>				
Total Revenues and Other Sources . . . . .	\$ 1,583,790	\$ 1,586,402	\$ 1,641,920	\$ 55,518
Total Expenditures and Other Uses . . . . .	<u>1,612,088</u>	<u>1,620,203</u>	<u>1,664,087</u>	<u>(43,884)</u>
Net Change in Fund Balance . . . . .	(28,298)	(33,801)	(22,167)	11,634
Fund balance at beginning of year . . . . .	-	-	-	-
Prior year encumbrances appropriated. . . . .	<u>33,801</u>	<u>33,801</u>	<u>33,801</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 5,503</u>	<u>\$ -</u>	<u>\$ 11,634</u>	<u>\$ 11,634</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Title I</b>				
Total Revenues and Other Sources . . . . .	\$ 2,908,906	\$ 2,909,499	\$ 2,465,173	\$ (444,326)
Total Expenditures and Other Uses . . . . .	<u>3,016,719</u>	<u>3,025,981</u>	<u>2,489,376</u>	<u>536,605</u>
Net Change in Fund Balance . . . . .	(107,813)	(116,482)	(24,203)	92,279
Fund balance at beginning of year . . . . .	116,482	116,482	116,482	-
Prior year encumbrances appropriated. . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 8,669</u>	<u>\$ -</u>	<u>\$ 92,279</u>	<u>\$ 92,279</u>
<b>EHA Preschool Grant</b>				
Total Revenues and Other Sources . . . . .	\$ 35,374	\$ 35,433	\$ 33,646	\$ (1,787)
Total Expenditures and Other Uses . . . . .	<u>37,045</u>	<u>37,223</u>	<u>33,770</u>	<u>3,453</u>
Net Change in Fund Balance . . . . .	(1,671)	(1,790)	(124)	1,666
Fund balance at beginning of year . . . . .	<u>1,790</u>	<u>1,790</u>	<u>1,790</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 119</u>	<u>\$ -</u>	<u>\$ 1,666</u>	<u>\$ 1,666</u>
<b>Reducing Class Size</b>				
Total Revenues and Other Sources . . . . .	\$ 520,714	\$ 517,102	\$ 408,523	\$ (108,579)
Total Expenditures and Other Uses . . . . .	<u>519,092</u>	<u>517,102</u>	<u>395,239</u>	<u>121,863</u>
Net Change in Fund Balance . . . . .	1,622	-	13,284	13,284
Fund balance at beginning of year . . . . .	-	-	-	-
Prior year encumbrances appropriated. . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 1,622</u>	<u>\$ -</u>	<u>\$ 13,284</u>	<u>\$ 13,284</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Miscellaneous Federal Grants</b>				
Total Revenues and Other Sources . . . . .	\$ 203,833	\$ 204,351	\$ 241,910	\$ 37,559
Total Expenditures and Other Uses . . . . .	<u>203,724</u>	<u>205,101</u>	<u>241,455</u>	<u>(36,354)</u>
Net Change in Fund Balance . . . . .	109	(750)	455	1,205
Fund balance at beginning of year . . . . .	-	-	-	-
Prior year encumbrances appropriated. . . . .	<u>750</u>	<u>750</u>	<u>750</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 859</u>	<u>\$ -</u>	<u>\$ 1,205</u>	<u>\$ 1,205</u>
<b>Food Service</b>				
Total Revenues and Other Sources . . . . .	\$ 2,100,000	\$ 2,100,000	\$ 2,579,363	\$ 479,363
Total Expenditures and Other Uses . . . . .	<u>2,696,084</u>	<u>2,696,084</u>	<u>2,189,237</u>	<u>506,847</u>
Net Change in Fund Balance . . . . .	(596,084)	(596,084)	390,126	986,210
Fund balance at beginning of year . . . . .	853,672	853,672	853,672	-
Prior year encumbrances appropriated. . . . .	<u>251,352</u>	<u>251,352</u>	<u>251,352</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 508,940</u>	<u>\$ 508,940</u>	<u>\$ 1,495,150</u>	<u>\$ 986,210</u>
<b>Classroom Facilities Maintenance</b>				
Total Revenues and Other Sources . . . . .	\$ 482,000	\$ 482,000	\$ 482,812	\$ 812
Total Expenditures and Other Uses . . . . .	<u>503,572</u>	<u>503,572</u>	<u>454,575</u>	<u>48,997</u>
Net Change in Fund Balance . . . . .	(21,572)	(21,572)	28,237	49,809
Fund balance at beginning of year . . . . .	2,849,888	2,849,888	2,849,888	-
Prior year encumbrances appropriated. . . . .	<u>3,572</u>	<u>3,572</u>	<u>3,572</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 2,831,888</u>	<u>\$ 2,831,888</u>	<u>\$ 2,881,697</u>	<u>\$ 49,809</u>



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>School Activity Trusts</b>				
Total Revenues and Other Sources . . . . .	\$ 32,462	\$ 32,863	\$ 35,278	\$ 2,415
Total Expenditures and Other Uses . . . . .	<u>20,462</u>	<u>21,016</u>	<u>16,400</u>	<u>4,616</u>
Net Change in Fund Balance . . . . .	12,000	11,847	18,878	7,031
Fund balance at beginning of year . . . . .	<u>79,980</u>	<u>79,980</u>	<u>79,980</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 91,980</u>	<u>\$ 91,827</u>	<u>\$ 98,858</u>	<u>\$ 7,031</u>
<b>Staff Trusts</b>				
Total Revenues and Other Sources . . . . .	\$ 6,585	\$ 6,666	\$ 7,156	\$ 490
Total Expenditures and Other Uses . . . . .	<u>13,792</u>	<u>14,166</u>	<u>11,054</u>	<u>3,112</u>
Net Change in Fund Balance . . . . .	(7,207)	(7,500)	(3,898)	3,602
Fund balance at beginning of year . . . . .	21,280	21,280	21,280	-
Prior year encumbrances appropriated. . . . .	<u>1,722</u>	<u>1,722</u>	<u>1,722</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 15,795</u>	<u>\$ 15,502</u>	<u>\$ 19,104</u>	<u>\$ 3,602</u>
<b>Rotary Fund - Special Services</b>				
Total Revenues and Other Sources . . . . .	\$ -	\$ -	\$ 1,675	\$ 1,675
Total Expenditures and Other Uses . . . . .	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Net Change in Fund Balance . . . . .	(10,000)	(10,000)	1,675	11,675
Fund balance at beginning of year . . . . .	<u>18,109</u>	<u>18,109</u>	<u>18,109</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 8,109</u>	<u>\$ 8,109</u>	<u>\$ 19,784</u>	<u>\$ 11,675</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget- Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Rotary Fund</b>				
Total Revenues and Other Sources . . . . .	\$ 1,500	\$ 1,500	\$ 1,217	\$ (283)
Total Expenditures and Other Uses . . . . .	<u>7,000</u>	<u>7,000</u>	<u>1,666</u>	<u>5,334</u>
Net Change in Fund Balance . . . . .	(5,500)	(5,500)	(449)	5,051
Fund balance at beginning of year . . . . .	4,441	4,441	4,441	-
Prior year encumbrances appropriated. . . . .	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 941</u>	<u>\$ 941</u>	<u>\$ 5,992</u>	<u>\$ 5,051</u>
<b>Public School Support</b>				
Total Revenues and Other Sources . . . . .	\$ 44,200	\$ 44,200	\$ 57,834	\$ 13,634
Total Expenditures and Other Uses . . . . .	<u>59,688</u>	<u>74,411</u>	<u>49,316</u>	<u>25,095</u>
Net Change in Fund Balance . . . . .	(15,488)	(30,211)	8,518	38,729
Fund balance at beginning of year . . . . .	87,659	87,659	87,659	-
Prior year encumbrances appropriated. . . . .	<u>1,688</u>	<u>1,688</u>	<u>1,688</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 73,859</u>	<u>\$ 59,136</u>	<u>\$ 97,865</u>	<u>\$ 38,729</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**FUND DESCRIPTIONS**

**Nonmajor Capital Projects Funds**

Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition and construction of capital facilities and other capital assets. The nonmajor capital projects funds are:

**Permanent Improvement**

To account for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

**Building Fund**

This fund is used to account for monies received and expended in connection with the renovation and construction of District buildings.

**Classroom Facilities**

To account for the acquisition, construction, or improvement of District facilities related to the Ohio School Facilities Commission project.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2015

	<b>Permanent Improvement</b>	<b>Building</b>	<b>Classroom Facilities</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 1,330,857	\$ 104,653	\$ 1,733,129	\$ 3,168,639
Receivables:				
Property taxes . . . . .	1,547,668	-	-	1,547,668
Interfund loans . . . . .	-	-	196,022	196,022
Total assets. . . . .	<u>\$ 2,878,525</u>	<u>\$ 104,653</u>	<u>\$ 1,929,151</u>	<u>\$ 4,912,329</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 437	\$ -	\$ -	\$ 437
Contracts payable. . . . .	48,623	-	-	48,623
Interfund loans payable . . . . .	-	196,022	-	196,022
Total liabilities. . . . .	<u>49,060</u>	<u>196,022</u>	<u>-</u>	<u>245,082</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year . . . . .	1,325,788	-	-	1,325,788
Delinquent property tax revenue not available . . . . .	130,240	-	-	130,240
Total deferred inflows of resources. . . . .	<u>1,456,028</u>	<u>-</u>	<u>-</u>	<u>1,456,028</u>
<b>Fund balances:</b>				
Restricted:				
Capital improvements . . . . .	1,373,437	-	1,929,151	3,302,588
Unassigned . . . . .	-	(91,369)	-	(91,369)
Total fund balances . . . . .	<u>1,373,437</u>	<u>(91,369)</u>	<u>1,929,151</u>	<u>3,211,219</u>
Total liabilities, deferred inflows and fund balances . . . . .	<u>\$ 2,878,525</u>	<u>\$ 104,653</u>	<u>\$ 1,929,151</u>	<u>\$ 4,912,329</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Classroom Facilities</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 970,855	\$ -	\$ -	\$ 970,855
Payment in lieu of taxes . . . . .	837	-	-	837
Earnings on investments . . . . .	-	100	1,648	1,748
Intergovernmental - state . . . . .	270,472	-	-	270,472
Total revenues . . . . .	<u>1,242,164</u>	<u>100</u>	<u>1,648</u>	<u>1,243,912</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular. . . . .	220,671	-	-	220,671
Support services:				
Fiscal. . . . .	22,037	-	-	22,037
Operations and maintenance . . . . .	200,569	-	-	200,569
Pupil transportation . . . . .	338,800	-	-	338,800
Central . . . . .	12,763	-	-	12,763
Facilities acquisition and construction . . . . .	501,906	-	3,700	505,606
Total expenditures . . . . .	<u>1,296,746</u>	<u>-</u>	<u>3,700</u>	<u>1,300,446</u>
Net change in fund balances . . . . .	(54,582)	100	(2,052)	(56,534)
<b>Fund balances at beginning of year . . . . .</b>	<u>1,428,019</u>	<u>(91,469)</u>	<u>1,931,203</u>	<u>3,267,753</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 1,373,437</u>	<u>\$ (91,369)</u>	<u>\$ 1,929,151</u>	<u>\$ 3,211,219</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Permanent Improvement</b>				
Total Revenues and Other Sources . . . . .	\$ 1,666,972	\$ 1,666,972	\$ 1,620,855	\$ (46,117)
Total Expenditures and Other Uses . . . . .	<u>1,669,832</u>	<u>2,082,713</u>	<u>2,061,327</u>	<u>21,386</u>
Net Change in Fund Balance . . . . .	(2,860)	(415,741)	(440,472)	(24,731)
Fund balance at beginning of year . . . . .	1,055,123	1,055,123	1,055,123	-
Prior year encumbrances appropriated . . . . .	<u>389,732</u>	<u>389,732</u>	<u>389,732</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 1,441,995</u>	<u>\$ 1,029,114</u>	<u>\$ 1,004,383</u>	<u>\$ (24,731)</u>
<b>Building</b>				
Total Revenues and Other Sources . . . . .	\$ -	\$ -	\$ 1,325	\$ 1,325
Total Expenditures and Other Uses . . . . .	<u>103,336</u>	<u>103,336</u>	<u>-</u>	<u>103,336</u>
Net Change in Fund Balance . . . . .	(103,336)	(103,336)	1,325	104,661
Fund balance at beginning of year . . . . .	59,354	59,354	59,354	-
Prior year encumbrances appropriated . . . . .	<u>43,974</u>	<u>43,974</u>	<u>43,974</u>	<u>-</u>
Fund balance (deficit) at end of year . . . . .	<u>\$ (8)</u>	<u>\$ (8)</u>	<u>\$ 104,653</u>	<u>\$ 104,661</u>
<b>Classroom Facilities</b>				
Total Revenues and Other Sources . . . . .	\$ -	\$ -	\$ 1,648	\$ 1,648
Total Expenditures and Other Uses . . . . .	<u>1,751,499</u>	<u>1,751,499</u>	<u>19,877</u>	<u>1,731,622</u>
Net Change in Fund Balance . . . . .	(1,751,499)	(1,751,499)	(18,229)	1,733,270
Fund balance at beginning of year . . . . .	1,660,141	1,660,141	1,660,141	-
Prior year encumbrances appropriated . . . . .	<u>91,217</u>	<u>91,217</u>	<u>91,217</u>	<u>-</u>
Fund balance (deficit) at end of year . . . . .	<u>\$ (141)</u>	<u>\$ (141)</u>	<u>\$ 1,733,129</u>	<u>\$ 1,733,270</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**FUND DESCRIPTION**

**Internal Service Fund**

A fund category used to account for the financing of goods or services provided by one department or agency of the District to other departments or agencies on a cost-reimbursement basis. Charges are intended only to recoup the total cost of such services.

**Employee Benefits Self-Insurance**

This fund is provided to account for monies received from other funds as payment for providing dental benefits. The Self-Insured Dental fund may make payments for services provided to employees, for reimbursement to employees who have paid providers, to third party administrators for claims payment or administration, for stop-loss coverage, or for any other reinsurance or other similar purposes.

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Employee Benefits Self-Insurance</b>				
Total Operating and Non-operating Revenues . . .	\$ 9,725,000	\$ 9,725,000	\$ 9,829,303	\$ 104,303
Total Operating and Non-operating Expenses . . .	<u>9,704,979</u>	<u>9,704,979</u>	<u>8,452,768</u>	<u>1,252,211</u>
Net change in fund equity . . . . .	20,021	20,021	1,376,535	1,356,514
Fund equity at beginning of year. . . . .	881,429	881,429	881,429	-
Prior year encumbrances appropriated. . . .	<u>7,200</u>	<u>7,200</u>	<u>7,200</u>	<u>-</u>
Fund equity at end of year . . . . .	<u>\$ 908,650</u>	<u>\$ 908,650</u>	<u>\$ 2,265,164</u>	<u>\$ 1,356,514</u>



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**FUND DESCRIPTIONS**

**FIDUCIARY FUNDS**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Private-purpose trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results of operations. The District has no pension or investment trust funds.

**PRIVATE-PURPOSE TRUST FUNDS**

**Special Trusts Fund**

To account for monies to be set aside for college scholarships for students enrolled in the School District. The income from such a fund may be expended, but the principal must remain intact.

**Endowment Fund**

To account for monies endowed for college scholarships for students enrolled in the School District. The income from such a fund may be expended, but the principal must remain intact.

**AGENCY FUNDS**

**District Agency Fund**

To account for those assets held by the District as an agent for individuals, private organizations, and other governmental units.

**Student Managed Activities Fund**

To account for those student activity programs which have student participation in the activity and have students involved in the management of the program.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
JUNE 30, 2015

	<b>Special Trusts</b>	<b>Endowment</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 31,497	\$ 9,991	\$ 41,488
Total assets. . . . .	31,497	9,991	41,488
<b>Net Position:</b>			
Held in trust for scholarships . . . . .	31,497	9,991	41,488
Total net position. . . . .	\$ 31,497	\$ 9,991	\$ 41,488

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<b>Special Trusts</b>	<b>Endowment</b>	<b>Total</b>
<b>Additions:</b>			
Interest . . . . .	\$ 79	\$ 26	\$ 105
Gifts and contributions. . . . .	1,500	-	1,500
	1,579	26	1,605
<b>Deductions:</b>			
Scholarships awarded . . . . .	3,600	-	3,600
Change in net position. . . . .	(2,021)	26	(1,995)
<b>Net position at beginning of year . . . . .</b>	<b>33,518</b>	<b>9,965</b>	<b>43,483</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 31,497</b>	<b>\$ 9,991</b>	<b>\$ 41,488</b>

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
 FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Special Trusts</b>				
Total Operating and Non-operating Revenues . . .	\$ 1,453	\$ 1,471	\$ 1,579	\$ 108
Total Operating and Non-operating Expenses . . .	<u>4,491</u>	<u>4,613</u>	<u>3,600</u>	<u>1,013</u>
Net change in fund equity . . . . .	(3,038)	(3,142)	(2,021)	1,121
Fund equity at beginning of year. . . . .	<u>33,518</u>	<u>33,518</u>	<u>33,518</u>	<u>-</u>
Fund equity at end of year . . . . .	<u>\$ 30,480</u>	<u>\$ 30,376</u>	<u>\$ 31,497</u>	<u>\$ 1,121</u>
<b>Endowment</b>				
Total Operating and Non-operating Revenues . . .	\$ 50	\$ 50	\$ 25	\$ (25)
Total Operating and Non-operating Expenses . . .	<u>60</u>	<u>60</u>	<u>-</u>	<u>60</u>
Net change in fund equity . . . . .	(10)	(10)	25	35
Fund equity at beginning of year. . . . .	<u>9,966</u>	<u>9,966</u>	<u>9,966</u>	<u>-</u>
Fund equity at end of year . . . . .	<u>\$ 9,956</u>	<u>\$ 9,956</u>	<u>\$ 9,991</u>	<u>\$ 35</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Beginning Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2015</u>
<b>District Agency</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ -	\$ 29,310	\$ 29,310	\$ -
Total assets . . . . .	<u>\$ -</u>	<u>\$ 29,310</u>	<u>\$ 29,310</u>	<u>\$ -</u>
<b>Liabilities:</b>				
Intergovernmental payable. . . . .	\$ -	\$ 29,310	\$ 29,310	\$ -
Total liabilities. . . . .	<u>\$ -</u>	<u>\$ 29,310</u>	<u>\$ 29,310</u>	<u>\$ -</u>
<b>Student Managed Activities</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 51,751	\$ 43,459	\$ 37,715	\$ 57,495
Total assets . . . . .	<u>\$ 51,751</u>	<u>\$ 43,459</u>	<u>\$ 37,715</u>	<u>\$ 57,495</u>
<b>Liabilities:</b>				
Due to students . . . . .	\$ 51,751	\$ 43,459	\$ 37,715	\$ 57,495
Total liabilities. . . . .	<u>\$ 51,751</u>	<u>\$ 43,459</u>	<u>\$ 37,715</u>	<u>\$ 57,495</u>
<b>Total Agency Funds</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 51,751	\$ 72,769	\$ 67,025	\$ 57,495
Total assets . . . . .	<u>\$ 51,751</u>	<u>\$ 72,769</u>	<u>\$ 67,025</u>	<u>\$ 57,495</u>
<b>Liabilities:</b>				
Intergovernmental payable. . . . .	\$ -	\$ 29,310	\$ 29,310	\$ -
Due to students . . . . .	51,751	43,459	37,715	57,495
Total liabilities. . . . .	<u>\$ 51,751</u>	<u>\$ 72,769</u>	<u>\$ 67,025</u>	<u>\$ 57,495</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

## STATISTICAL SECTION

**THIS PAGE IS INTENTIONALLY LEFT BLANK**



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**STATISTICAL SECTION**

This part of the Newark City School District'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 District's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	<b>148-161</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	<b>162-167</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	<b>168-171</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	<b>172-173</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	<b>174-185</b>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 89,306,195	\$ 89,834,198	\$ 87,567,379	\$ 81,178,055
Invested in capital assets, net of related debt	-	-	-	-
Restricted	10,338,400	10,295,131	13,354,997	19,658,990
Unrestricted (deficit)	(70,450,227)	11,672,708	10,090,041	8,012,611
Total governmental activities net position	<u>\$ 29,194,368</u>	<u>\$ 111,802,037</u>	<u>\$ 111,012,417</u>	<u>\$ 108,849,656</u>

**Source:** School District financial records.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61,549,043	35,083,192	25,933,780	17,859,087	16,214,383	13,103,344
43,863,448	67,827,213	76,109,543	25,247,127	5,704,916	5,406,107
6,694,686	4,424,169	(820,796)	(658,639)	(3,782,517)	(3,376,375)
<u>\$ 112,107,177</u>	<u>\$ 107,334,574</u>	<u>\$ 101,222,527</u>	<u>\$ 42,447,575</u>	<u>\$ 18,136,782</u>	<u>\$ 15,133,076</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Expenses</b>				
Governmental activities:				
Instruction:				
Regular	\$ 33,574,541	\$ 34,785,398	\$ 33,001,079	\$ 33,765,227
Special	11,175,826	11,011,351	9,533,160	8,440,344
Vocational	392,481	405,009	370,850	414,361
Other instructional	211,952	264,203	263,687	272,675
Support services:				
Pupil	3,662,387	3,860,974	3,694,655	3,583,008
Instructional staff	2,866,379	2,903,788	3,974,951	4,423,319
Board of education	150,058	163,268	130,169	200,947
Administration	3,665,474	3,771,253	3,627,531	3,595,887
Fiscal	1,316,322	1,346,565	1,283,969	1,196,301
Business	461,300	574,959	450,361	657,712
Operations and maintenance	6,701,896	6,447,978	6,094,397	6,342,432
Pupil transportation	3,103,190	2,976,377	2,439,472	2,934,032
Central	511,210	402,627	1,055,945	878,151
Operation of non-instructional services:				
Food service operations	2,395,676	2,281,336	2,385,819	2,646,025
Other non-instructional services	847,440	540,290	775,455	626,023
Extracurricular activities	1,138,134	843,918	639,287	1,027,671
Interest and fiscal charges	2,358,614	2,358,112	2,718,848	2,660,397
Refunding bond issuance costs	-	288,471	-	-
<b>Total governmental activities expenses</b>	<u>74,532,880</u>	<u>75,225,877</u>	<u>72,439,635</u>	<u>73,664,512</u>

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 31,997,731	\$ 28,348,098	\$ 27,691,090	\$ 26,612,336	\$ 28,134,111	\$ 28,553,388
8,121,944	8,652,532	7,867,634	7,386,301	7,449,750	7,431,992
446,067	476,722	482,489	491,686	1,041,165	1,087,737
646,105	538,181	587,205	415,522	293,270	194,920
3,448,955	3,141,826	3,268,163	3,165,276	3,100,714	2,901,350
4,353,286	4,521,869	4,650,488	4,581,834	5,179,283	4,734,810
241,079	209,247	257,859	314,946	241,624	345,371
3,618,373	3,512,967	3,597,685	3,621,145	4,087,770	3,910,074
1,174,507	1,145,723	1,156,392	1,162,601	1,131,945	1,105,748
671,255	669,134	629,211	601,678	564,398	582,607
6,080,462	5,219,050	5,121,277	4,782,208	4,989,885	5,174,107
2,381,970	2,354,922	1,950,329	2,066,216	2,783,937	2,565,336
827,465	847,739	1,071,009	1,254,625	829,579	944,617
2,242,916	2,247,871	2,850,515	2,794,947	2,561,467	2,604,010
700,135	593,413	748,448	621,123	789,543	861,820
969,125	960,411	1,011,699	925,354	1,029,804	1,071,732
2,945,887	2,997,107	3,064,035	3,134,092	3,192,382	3,071,064
-	-	-	-	-	-
<u>70,867,262</u>	<u>66,436,812</u>	<u>66,005,528</u>	<u>63,931,890</u>	<u>67,400,627</u>	<u>67,140,683</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS - (Continued)  
(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
Instruction:				
Regular	\$ 759,762	\$ 720,191	\$ 776,913	\$ 689,402
Special	166,875	175,956	180,189	119,276
Support services:				
Instructional staff	-	-	-	-
Board of education	-	-	-	-
Fiscal	-	-	-	-
Operations and maintenance	111,221	84,034	12,218	631
Pupil transportation	105,598	102,525	94,812	108,658
Operation of non-instructional services:				
Food service operations	437,690	459,673	517,229	538,131
Other non-instructional services	48,670	50,791	36,846	40,641
Extracurricular activities	148,999	141,829	145,627	287,852
Operating grants and contributions:				
Instruction:				
Regular	203,894	321,031	446,406	585,961
Special	7,928,058	7,222,647	4,754,225	5,025,868
Vocational	27,992	28,462	74,615	66,976
Other instructional	-	-	-	3,498
Support services:				
Pupil	127,199	215,583	209,378	265,827
Instructional staff	1,263,858	995,815	2,334,546	2,162,364
Administration	104,156	153,788	126,027	140,189
Fiscal	6,100	7,756	7,756	7,756
Operations and maintenance	92,510	31,119	119,047	134,547
Pupil transportation	353,892	295,828	432,112	279,518
Central	-	-	19,800	19,800
Operation of non-instructional services:				
Food service operations	1,943,880	1,886,745	1,945,837	1,882,114
Other non-instructional services	654,718	628,125	640,036	596,853
Extracurricular activities	32,526	29,498	59,442	13,231
Capital grants and contributions:				
Support services:				
Pupil transportation	-	-	-	-
Operations and maintenance	-	-	-	-
Central	-	-	405,000	-
Extracurricular activities	-	-	-	-
<b>Total governmental program revenues</b>	<u>14,517,598</u>	<u>13,551,396</u>	<u>13,338,061</u>	<u>12,969,093</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	<u>(60,015,282)</u>	<u>(61,674,481)</u>	<u>(59,101,574)</u>	<u>(60,695,419)</u>

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$	708,165	\$ 813,838	\$ 636,853	\$ 571,523	\$ 669,166	\$ 504,724
	105,510	114,846	127,435	68,485	-	-
	-	-	1,155	-	-	-
	-	41,295	-	-	-	-
	-	-	25,018	24,387	23,322	23,031
	22,290	63,859	37,779	4,993	4,374	6,103
	100,681	-	106,304	121,473	45,245	31,583
	570,499	565,411	1,067,671	1,135,897	1,123,246	1,167,613
	17,996	48,244	40,844	46,957	1,689	1,853
	431,914	346,882	403,837	411,048	232,088	243,028
	3,776,904	2,037,234	2,246,518	2,324,772	2,751,747	1,189,563
	5,311,051	5,247,759	4,096,721	4,390,760	2,400,089	2,483,275
	66,976	66,478	65,995	72,809	150,137	-
	575,963	410,037	421,750	262,072	132,894	-
	342,198	339,571	291,485	419,746	155,554	86,205
	2,157,337	2,571,924	1,847,393	2,058,960	1,909,091	1,953,205
	253,444	277,978	217,473	227,470	256,806	317,262
	10,700	27,524	25,929	17,947	16,558	16,952
	127,496	12,492	26,507	10,684	169,128	1,126
	226,099	37,353	182,022	234,751	147,193	7,711
	26,996	29,756	49,269	51,306	-	266,704
	1,794,940	1,743,778	1,542,792	1,798,117	1,479,396	1,303,190
	592,192	604,578	604,128	609,014	686,997	671,103
	-	19,241	54,200	28,785	143,078	33,298
	-	-	-	18,364	48,266	-
	142,790	530,000	440,110	-	-	-
	-	-	-	-	-	-
	-	-	-	107,200	-	-
	<u>17,362,141</u>	<u>15,950,078</u>	<u>14,559,188</u>	<u>15,017,520</u>	<u>12,546,064</u>	<u>10,307,529</u>
	<u>(53,505,121)</u>	<u>(50,486,734)</u>	<u>(51,446,340)</u>	<u>(48,914,370)</u>	<u>(54,854,563)</u>	<u>(56,833,154)</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS - (Continued)  
(ACCRUAL BASIS OF ACCOUNTING)

<b>General Revenues and Other Changes in Net Position</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Governmental activities:				
Property taxes levied for:				
General purposes	\$ 19,580,708	\$ 19,646,227	\$ 19,435,032	\$ 18,780,403
Debt service	3,982,733	3,634,892	3,521,282	4,016,127
Capital outlay	964,252	963,608	943,709	874,230
Facilities maintenance	412,881	412,881	412,881	412,881
School district income taxes	8,447,025	8,251,484	8,119,680	7,817,597
Payment in lieu of taxes	216,287	11,103	8,504	8,109
Grants and entitlements not restricted to specific programs	32,076,321	29,074,075	28,256,565	27,367,109
Grants restricted for Ohio Schools				
Facilities Commission (OSFC)	-	-	-	-
Gain on sale of building and land	-	-	56,789	-
Investment earnings	55,049	37,478	48,591	64,799
Miscellaneous	641,976	432,353	461,302	690,646
Special Item:				
Gain on sale of building	-	-	-	-
Extraordinary Item:				
Decrease in scope of work for OSFC	-	-	-	(2,180,642)
Total governmental activities	<u>66,377,232</u>	<u>62,464,101</u>	<u>61,264,335</u>	<u>57,851,259</u>
 Total primary government	 <u>66,377,232</u>	 <u>62,464,101</u>	 <u>61,264,335</u>	 <u>57,851,259</u>
 <b>Change in Net Position</b>				
Governmental activities	<u>\$ 6,361,950</u>	<u>\$ 789,620</u>	<u>\$ 2,162,761</u>	<u>\$ (2,844,160)</u>

**Source:** School District financial records.



<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 17,543,757	\$ 19,590,287	\$ 14,833,502	\$ 15,244,558	\$ 16,151,573	\$ 13,703,475
3,841,620	4,704,334	4,429,725	4,432,573	4,520,108	4,139,536
825,914	1,485,069	1,417,711	1,463,426	1,513,579	1,393,660
412,881	-	-	-	-	-
7,774,670	7,674,450	7,672,584	8,297,755	7,874,278	6,865,451
7,884	-	-	-	-	-
26,576,387	26,714,548	25,173,592	23,464,963	24,336,251	26,074,935
-	-	73,546,948	-	-	-
818,010	76,724	-	-	-	-
93,035	215,269	534,004	1,911,762	3,351,578	3,197,642
383,565	434,997	472,314	551,039	110,902	60,890
-	-	-	-	-	153,011
-	-	-	-	-	-
<u>58,277,723</u>	<u>60,895,678</u>	<u>128,080,380</u>	<u>55,366,076</u>	<u>57,858,269</u>	<u>55,588,600</u>
<u>58,277,723</u>	<u>60,895,678</u>	<u>128,080,380</u>	<u>55,366,076</u>	<u>57,858,269</u>	<u>55,588,600</u>
<u>\$ 4,772,602</u>	<u>\$ 10,408,944</u>	<u>\$ 76,634,040</u>	<u>\$ 6,451,706</u>	<u>\$ 3,003,706</u>	<u>\$ (1,244,554)</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund:				
Nonspendable	\$ 78,073	\$ 74,875	\$ 69,412	\$ 74,510
Committed	889,729	889,729	689,729	953,261
Assigned	4,937,642	2,708,548	1,607,892	3,199,984
Unassigned	13,498,927	11,801,805	12,006,734	8,611,963
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total general fund	<u>\$ 19,404,371</u>	<u>\$ 15,474,957</u>	<u>\$ 14,373,767</u>	<u>\$ 12,839,718</u>
All Other Governmental Funds:				
Nonspendable	\$ 9,274	\$ 47,267	\$ 40,317	\$ 40,915
Restricted	9,511,461	9,779,886	11,030,073	19,294,885
Unassigned (deficit)	(496,512)	(369,896)	(390,307)	(449,378)
Reserved	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Total all other governmental funds	<u>\$ 9,024,223</u>	<u>\$ 9,457,257</u>	<u>\$ 10,680,083</u>	<u>\$ 18,886,422</u>

**Source:** School District financial records.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 56,208	\$ -	\$ -	\$ -	\$ -	\$ -
953,261	-	-	-	-	-
1,997,793	-	-	-	-	-
7,939,360	-	-	-	-	-
-	6,561,735	2,637,082	2,379,915	1,629,693	1,384,162
-	4,767,201	3,691,856	3,532,692	1,511,007	2,840,394
<u>\$ 10,946,622</u>	<u>\$ 11,328,936</u>	<u>\$ 6,328,938</u>	<u>\$ 5,912,607</u>	<u>\$ 3,140,700</u>	<u>\$ 4,224,556</u>
\$ 26,689	\$ -	\$ -	\$ -	\$ -	\$ -
31,769,445	-	-	-	-	-
(445,718)	-	-	-	-	-
-	19,603,666	18,844,844	13,924,060	21,989,659	40,587,089
-	954,353	653,666	609,719	511,036	322,777
-	8,796,498	4,322,307	7,636,692	13,732,555	25,765,669
<u>\$ 31,350,416</u>	<u>\$ 29,354,517</u>	<u>\$ 23,820,817</u>	<u>\$ 22,170,471</u>	<u>\$ 36,233,250</u>	<u>\$ 66,675,535</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Revenues</b>				
From local sources:				
Taxes and payments in lieu of taxes	\$ 33,599,404	\$ 32,822,596	\$ 32,497,842	\$ 31,545,654
Tuition	751,183	711,432	788,387	647,337
Transportation fees	105,598	102,525	94,812	108,658
Charges for services	441,786	464,574	522,869	538,131
Earnings on investments	56,110	37,743	50,873	66,212
Extracurricular	195,530	186,521	167,759	292,542
Classroom materials and fees	121,403	129,646	129,328	138,162
Rental income, contributions and donations, contract services and other local revenues	922,730	726,912	1,137,074	907,077
Intergovernmental - intermediate	-	-	-	-
Intergovernmental - state	37,413,388	34,348,632	34,186,510	42,244,746
Intergovernmental - federal	7,123,440	6,554,319	6,941,413	8,289,390
<b>Total revenues</b>	<u>80,730,572</u>	<u>76,084,900</u>	<u>76,516,867</u>	<u>84,777,909</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	32,536,337	32,219,790	31,221,725	31,743,954
Special	11,720,826	11,013,686	9,558,244	8,398,638
Vocational	276,845	255,081	264,377	315,940
Other	228,104	265,161	260,394	257,184
Support services:				
Pupil	3,719,856	3,780,884	3,611,968	3,492,303
Instructional staff	2,842,134	2,746,522	3,860,664	4,289,985
Board of education	150,430	163,268	130,169	200,947
Administration	3,823,224	3,697,181	3,556,450	3,500,955
Fiscal	1,343,235	1,344,376	1,283,155	1,199,870
Business	474,504	569,533	450,846	590,576
Operations and maintenance	6,728,725	6,593,304	5,989,433	6,050,191
Pupil transportation	3,277,007	2,944,998	2,699,744	2,711,740
Central	522,941	396,894	1,055,074	870,123
Operation of non-instructional services:				
Food service operations	2,207,019	2,087,522	2,211,304	2,482,293
Other non-instructional services	856,472	533,221	767,454	612,583
Extracurricular activities	995,828	702,956	427,811	855,537
Facilities acquisitions and construction	574,873	2,208,994	10,866,526	23,652,230
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	2,647,146	2,422,425	2,336,866	2,286,202
Interest and fiscal charges	2,285,831	2,386,382	2,775,471	2,651,892
Bond issue costs	-	288,471	-	150,358
<b>Total expenditures</b>	<u>77,211,337</u>	<u>76,620,649</u>	<u>83,327,675</u>	<u>96,313,501</u>
Excess (deficiency) of revenues over (under) expenditures	3,519,235	(535,749)	(6,810,808)	(11,535,592)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$	29,758,224	\$ 32,246,871	\$ 28,150,223	\$ 29,329,331	\$ 29,572,014	\$ 29,257,119
	655,273	643,778	621,504	436,338	531,753	433,518
	102,270	94,614	106,068	121,473	45,245	31,583
	570,499	565,092	1,067,671	1,135,897	1,123,246	1,167,738
	94,901	240,642	609,101	2,189,194	3,863,883	2,517,486
	400,659	352,173	395,450	439,352	233,777	244,881
	141,145	159,170	151,117	175,530	111,387	107,197
	838,295	1,269,631	1,143,373	776,815	453,003	252,129
	-	8,028	18,939	12,000	10,500	16,300
	57,690,931	47,200,320	43,994,768	29,006,860	28,566,396	25,250,479
	10,809,399	9,957,222	6,116,682	6,705,536	6,275,892	5,960,152
	<u>101,061,596</u>	<u>92,737,541</u>	<u>82,374,896</u>	<u>70,328,326</u>	<u>70,787,096</u>	<u>65,238,582</u>
	32,472,318	28,345,078	27,519,564	26,105,825	27,575,208	27,975,004
	8,247,873	8,659,439	7,837,702	7,333,687	7,349,527	7,430,230
	437,997	444,955	486,363	474,685	1,034,465	1,072,877
	651,737	537,611	585,723	409,965	292,914	186,415
	3,440,477	3,164,110	3,242,632	3,142,179	3,078,446	2,855,961
	4,441,022	4,481,557	4,679,590	4,588,276	5,031,555	4,602,871
	241,079	209,247	257,859	314,946	241,624	345,371
	3,589,025	3,486,223	3,609,586	3,533,891	4,042,831	3,841,841
	1,164,936	1,152,005	1,157,436	1,163,325	1,124,932	1,091,412
	598,524	614,141	557,971	533,895	497,248	578,033
	6,100,182	5,528,513	5,397,553	5,185,527	4,963,868	5,155,432
	2,360,184	2,323,704	1,705,601	1,822,635	2,925,542	2,732,911
	802,343	818,799	1,041,645	1,230,284	933,351	919,891
	2,188,137	2,213,006	2,844,805	2,739,353	2,535,527	2,613,723
	687,230	595,149	734,600	601,265	756,193	682,526
	848,253	855,746	873,551	878,700	1,001,714	1,044,681
	27,166,008	14,056,143	12,410,905	16,409,668	35,123,552	9,977,873
	-	-	-	-	-	408,409
	1,980,000	1,915,000	2,309,760	2,443,183	1,634,327	1,689,314
	2,910,597	2,974,338	3,054,946	3,139,360	3,195,079	2,915,044
	-	-	-	-	-	367,892
	<u>100,327,922</u>	<u>82,374,764</u>	<u>80,307,792</u>	<u>82,050,649</u>	<u>103,337,903</u>	<u>78,487,711</u>
	733,674	10,362,777	2,067,104	(11,722,323)	(32,550,807)	(13,249,129)

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS (Continued)  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ -	\$ -	\$ 2,221,799	\$ 151,606
Transfers (out)	-	-	(2,221,799)	(151,606)
Sale of capital assets	4,278	112,826	135,899	185,867
Insurance proceeds	-	-	-	-
Capital lease transaction	-	-	-	812,035
Refunding bond issued	-	18,161,627	-	-
Premium on bonds issuance	-	1,822,842	-	1,452,977
Payment to refunded bond escrow agent	-	(19,688,517)	-	(10,041,982)
Issuance of notes/bonds	-	-	-	8,545,000
Total other financing sources (uses)	<u>4,278</u>	<u>408,778</u>	<u>135,899</u>	<u>953,897</u>
Net change in fund balances	<u>\$ 3,523,513</u>	<u>\$ (126,971)</u>	<u>\$ (6,674,909)</u>	<u>\$ (10,581,695)</u>
Debt service as a percentage of noncapital expenditures	6.47%	6.51%	7.02%	6.73%

Source: School District financial records.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 78,975	\$ 1,644,890	\$ 475,881	\$ 3,355,161	\$ 50,000	\$ 45,000
(78,975)	(1,644,890)	(475,881)	(3,355,161)	(50,000)	(45,000)
885,419	170,782	-	398,000	17,820	267,545
-	-	-	40,013	-	-
-	-	-	-	-	408,409
-	-	-	-	-	-
-	-	-	-	-	657,621
-	-	-	-	-	(5,615,280)
-	-	-	-	990,000	25,414,998
<u>885,419</u>	<u>170,782</u>	<u>-</u>	<u>438,013</u>	<u>1,007,820</u>	<u>21,133,293</u>
<u>\$ 1,619,093</u>	<u>\$ 10,533,559</u>	<u>\$ 2,067,104</u>	<u>\$ (11,284,310)</u>	<u>\$ (31,542,987)</u>	<u>\$ 7,884,164</u>
6.67%	7.17%	7.91%	8.61%	7.15%	6.81%

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS

Collection Year	Real Property (a)		Tangible Personal Property (b)		Public Utility (c)	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2015	\$ 763,994,270	\$ 2,182,840,771	\$ -	\$ -	\$ 33,481,090	\$ 95,660,257
2014	775,983,370	2,217,095,343	-	-	32,918,010	94,051,457
2013	767,933,100	2,194,094,571	-	-	30,950,060	88,428,743
2012	769,329,940	2,198,085,543	-	-	29,161,190	83,317,686
2011	774,335,070	2,212,385,914	-	-	27,847,810	79,565,171
2010	771,814,960	2,205,185,600	-	-	27,196,780	77,705,086
2009	761,319,310	2,175,198,029	1,979,095	7,916,380	25,449,240	72,712,114
2008	757,658,990	2,164,739,971	17,277,260	69,109,040	23,901,120	68,288,914
2007	748,482,390	2,138,521,114	32,795,180	131,180,720	28,457,510	81,307,171
2006	739,828,180	2,113,794,800	60,520,190	242,080,760	28,310,940	80,888,400

**Source:** Licking County Auditor's Office

(a) The assessed value of real property is fixed at 35% of true value and is determined pursuant to the State Tax Commissioner.

(b) Tangible personal property and public utility tangible property are assessed at varying percentages of true value. As categories of tangible personal property have not been separated for this table, the maximum assessed rate of 25% of true value is assumed. Tangible personal property is being phased out, and was reduced to zero for fiscal year 2009, collection year 2010.

(c) Assumes public utilities are assessed at true value which is 35%.



		<b>Total</b>		
<b>Total Direct Tax Rate</b>	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>%</b>	
\$ 43.86	\$ 797,475,360	\$ 2,278,501,028	35.00%	
43.19	808,901,380	2,311,146,800	35.00%	
42.67	798,883,160	2,282,523,314	35.00%	
43.96	798,491,130	2,281,403,229	35.00%	
43.90	802,182,880	2,291,951,085	35.00%	
44.05	799,011,740	2,282,890,686	35.00%	
36.64	788,747,645	2,255,826,523	34.96%	
36.42	798,837,370	2,302,137,925	34.70%	
36.42	809,735,080	2,351,009,005	34.44%	
36.35	828,659,310	2,436,763,960	34.01%	

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

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

<b>Tax Year/ Collection Year</b>	<b>Overlapping Rates</b>		<b>Direct Rates</b>				<b>Licking County Joint Vocational School</b>	
	<b>County</b>	<b>City</b>	<b>Voted</b>			<b>Unvoted</b>		<b>Total</b>
			<b>General</b>	<b>Bond</b>	<b>Permanent Improvement</b>			
2014/2015	8.00	3.70	30.90	5.96	2.90	4.10	43.86	2.54
2013/2014	7.70	3.70	30.77	5.42	2.90	4.10	43.19	2.56
2012/2013	7.70	3.70	30.87	4.80	2.90	4.10	42.67	2.48
2011/2012	7.70	3.70	30.87	6.09	2.90	4.10	43.96	2.54
2010/2011	7.70	3.70	30.76	6.14	2.90	4.10	43.90	2.52
2009/2010	7.40	3.70	30.90	6.15	2.90	4.10	44.05	2.50
2008/2009	7.10	3.70	23.40	6.24	2.90	4.10	36.64	2.50
2007/2008	7.40	3.70	23.40	6.02	2.90	4.10	36.42	3.00
2006/2007	7.40	3.70	23.40	6.02	2.90	4.10	36.42	3.00
2005/2006	7.40	3.70	23.40	5.95	2.90	4.10	36.35	3.00

Source: Licking County Auditor's Office

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO**

<b>December 31, 2014</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>
Ohio Power	\$ 27,579,940	1	3.46%
MIMG XXIII	5,652,510	2	0.71%
Cole DC Newark Ohio LLC	4,165,000	3	0.52%
KROGER CO	3,413,730	4	0.43%
National Gas & Oil	2,799,580	5	0.35%
Southgate Company	2,755,290	6	0.35%
Sharonbrooke Inn Limited	2,739,170	7	0.34%
Owens Corning Insulating Systems	2,667,450	8	0.33%
LSREF2 Tractor REO	2,553,540	9	0.32%
Columbia Gas of Ohio	2,261,040	10	0.28%
<b>Total</b>	<b>\$ 56,587,250</b>		<b>\$ 797,475,360</b>

<b>December 31, 2005</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>
Owens Corning, Inc.	\$ 20,975,960	1	2.53%
Ohio Power	18,105,870	2	2.18%
Alltel Ohio, Inc	5,898,310	3	0.71%
Kroger Company	3,743,010	4	0.45%
Meijer Stores Ltd. Partnership	3,703,950	5	0.45%
Acuity Lighting Group	3,328,520	6	0.40%
Health Care Prop. Investors Inc.	2,644,530	7	0.32%
Gannet Company Inc.	2,529,320	8	0.31%
Coughlin Chevrolet Inc.	2,489,780	9	0.30%
State Farm Mutual Auto Insurance	2,257,300	10	0.27%
<b>Total</b>	<b>\$ 65,676,550</b>		<b>\$ 828,659,310</b>

**Source:** Licking County Auditor's Office

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

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

<b>Tax Year/ Collection Year</b>	<b>Current Levy</b>	<b>Delinquent Levy</b>	<b>Total Levy</b>	<b>Current Collection</b>	<b>Percent of Current Levy Collected</b>
2014/2015	(1)	(1)	(1)	(1)	(1)
2013/2014	\$ 28,046,339	\$ 4,208,425	\$ 32,254,764	\$ 26,919,561	95.98%
2012/2013	26,303,564	1,308,609	27,612,173	23,382,892	88.90%
2011/2012	26,908,489	1,620,392	28,528,881	26,799,946	99.60%
2010/2011	27,242,660	1,507,104	28,749,764	25,984,484	95.38%
2009/2010	27,202,918	1,661,047	28,863,965	26,457,416	97.26%
2008/2009	22,747,047	955,080	23,702,127	21,791,967	95.80%
2007/2008	22,883,262	1,506,842	24,390,104	22,103,989	96.59%
2006/2007	23,478,761	1,369,068	24,847,829	22,627,569	96.37%
2005/2006	23,531,790	1,181,979	24,713,769	22,594,745	96.02%

Note: "Delinquent Levy" indicates the portion collected that was delinquent.

**Source:** Licking County Auditor's Office

(1) Information not available from County at time of reporting.

<b>Delinquent Collection</b>	<b>Total Collection</b>	<b>Total Collection As a Percent of Total Levy</b>
(1)	(1)	(1)
\$ 1,181,677	\$ 28,101,238	87.12%
1,215,269	24,598,161	89.08%
764,522	27,564,468	96.62%
911,181	26,895,665	93.55%
911,024	27,368,440	94.82%
617,404	22,409,371	94.55%
701,356	22,805,345	93.50%
740,785	23,368,354	94.05%
640,753	23,235,498	94.02%

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Governmental Activities</b>			<b>(a) Total Primary Government</b>	<b>(b) Per Capita</b>	<b>(b) Per ADM</b>	<b>(b) Percentage Personal Income</b>
	<b>General Obligation Bonds</b>	<b>Tax Anticipation Notes</b>	<b>Capital Leases</b>				
2015	\$ 60,522,496	\$ -	\$ 44,396	\$ 60,566,892	1,273	9,628	5.80%
2014	63,254,966	-	86,542	63,341,508	1,331	9,699	6.07%
2013	63,775,727	-	328,967	64,104,694	1,348	9,965	6.14%
2012	66,038,816	-	565,833	66,604,649	1,400	10,440	6.38%
2011	66,851,911	-	-	66,851,911	1,405	10,691	6.40%
2010	68,819,171	-	-	68,819,171	1,487	10,833	8.35%
2009	70,733,815	-	-	70,733,815	1,528	10,874	8.58%
2008	72,603,302	330,000	119,760	73,053,062	1,579	11,174	8.86%
2007	74,415,613	841,037	151,502	75,408,152	1,629	11,228	9.14%
2006	75,794,143	-	387,270	76,181,413	1,646	11,276	9.24%

**Source:** School District financial records

(a) See notes to the financial statements regarding the District's outstanding debt information. Includes unamortized premiums and accreted interest on capital appreciation bonds.

(b) See schedule " Demographic and Economic Statistic, Last Ten Years" for personal income, population and enrollment information.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>General Obligation Bonds (1)</b>	<b>Fund Balances Restricted for Debt Service</b>	<b>Net General Bonded Debt Outstanding</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
2015	\$ 60,522,496	\$ (1,598,682)	\$ 58,923,814	2.59%	\$ 1,239
2014	63,254,966	(1,955,489)	61,299,477	2.65%	1,289
2013	63,775,727	(2,416,115)	61,359,612	2.69%	1,290
2012	66,038,816	(3,136,030)	62,902,786	2.76%	1,322
2011	66,851,911	(3,460,064)	63,391,847	2.77%	1,333
2010	68,819,171	(3,262,279)	65,556,892	2.87%	1,417
2009	70,733,815	(3,355,712)	67,378,103	2.99%	1,456
2008	72,603,302	(3,322,423)	69,280,879	3.01%	1,497
2007	74,415,613	(3,293,229)	71,122,384	3.03%	1,537
2006	75,794,143	(2,927,364)	72,866,779	2.99%	1,575

(1) Details regarding the District's outstanding debt can be found in the notes to the financial statements. Total includes unamortized premiums and accreted interest on capital appreciation bonds.

**Source:** School District financial records

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2015**

<u>Governmental Unit</u>	<u>Net General Tax Supported Debt</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Newark City School District	\$ 60,566,892	100.00%	\$ 60,566,892
Overlapping debt:			
City of Newark	13,755,000	99.70%	13,713,735
Licking County	20,080,538	20.43%	4,102,454
Licking County Joint Vocational School	4,095,000	19.76%	809,172
Total overlapping debt	<u>37,930,538</u>		<u>18,625,361</u>
 Total direct and overlapping debt	 <u>\$ 98,497,430</u>		 <u>\$ 79,192,253</u>

**Note:** The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the District's taxable assessed value that is within the subdivision's boundaries and dividing it by the District's total taxable assessed value. Net general tax supported debt includes accreted interest on capital appreciation bonds but excludes unamortized bond premiums, discounts and deferred losses on refundings.



**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>Voted Debt Limit</b>	<b>Total Debt Applicable to Limit (1)</b>	<b>Debt Service Available Balance</b>	<b>Net Debt Applicable to Limit</b>	<b>Voted Legal Debt Margin</b>	<b>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</b>
2015	\$ 71,772,782	\$ 56,921,627	\$ 1,598,682	\$ 55,322,945	\$ 16,449,837	77.08%
2014	72,801,124	59,526,627	1,955,489	57,571,138	15,229,986	79.08%
2013	71,899,484	61,710,000	2,416,115	59,293,885	12,605,599	82.47%
2012	71,864,202	63,810,000	3,136,030	60,673,970	11,190,232	84.43%
2011	72,196,459	65,799,998	3,460,064	62,339,934	9,856,525	86.35%
2010	71,896,470	67,779,998	3,970,159	63,809,839	8,086,631	88.75%
2009	70,791,123	69,694,998	3,619,912	66,075,086	4,716,037	93.34%
2008	70,318,435	71,554,998	3,556,523	67,998,475	2,319,960	96.70%
2007	69,401,367	70,056,769	3,545,229	66,511,540	2,889,827 (a)	N/A
2006	74,579,338	71,785,969	3,121,764	68,664,205	5,915,133	92.07%

**Source:** Licking County Auditor and School District financial records

(1) Total debt applicable to limit excludes unamortized premiums and accreted interest on capital appreciation bonds.

Note: Ohio Bond Law sets a limit of 9% for voted debt and 1/10 of 1% for unvoted debt. House Bill 530 became effective on March 30, 2006, which excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

(a): On September 9, 2004, the District was determined to be a "special needs" district, meaning the District was permitted to exceed the voted debt limitation.

Voted Debt Margins are determined without reference to applicable monies in the District's debt service fund.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Personal Income (1)</u>	<u>Median Age (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rates (3)</u>		
						<u>Licking County</u>	<u>Ohio</u>	<u>United States</u>
2015	47,573	\$ 21,941	\$1,043,799,193	38.5	6,291	3.8%	4.3%	5.2%
2014	47,573	21,941	1,043,799,193	38.5	6,531	5.1%	5.5%	6.2%
2013	47,573	21,941	1,043,799,193	38.5	6,433	6.5%	7.2%	8.1%
2012	47,573	21,941	1,043,799,193	38.5	6,380	6.7%	7.2%	8.2%
2011	47,573	21,941	1,043,799,193	38.5	6,253	7.8%	9.1%	9.1%
2010	46,279	17,819	824,645,501	35.9	6,353	9.8%	10.4%	9.6%
2009	46,279	17,819	824,645,501	35.9	6,505	10.3%	11.1%	9.5%
2008	46,279	17,819	824,645,501	35.9	6,538	6.1%	6.6%	5.5%
2007	46,279	17,819	824,645,501	35.9	6,716	5.5%	5.5%	4.7%
2006	46,279	17,819	824,645,501	35.9	6,756	3.4%	5.1%	4.4%

(1) U. S. Census Bureau information for the City of Newark

(2) School District records.

(3) U.S. Bureau of Labor Statistics. Rates for August 2015.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

<u>December 31, 2014</u>			
<u>Employer</u>	<u>Nature of Business</u>	<u>Employees</u>	<u>Rank</u>
Licking Memorial Hospital	Hospital	1,700	1
State Farm Insurance	Insurance	1,496	2
Licking County Government	Government	1,112	3
Anomatic	Metal Finishers	1,087	4
OSUN/COTC	Education	1,080	5
Newark City Schools	Education	970	6
Walmart	Retail	960	7
Owens Corning Fiberglass	Fiberglass Insulation	550	8
City of Newark	Government	462	9
Longaberger Corporation	Decorative Baskets	300	10
Total		9,717	
Total Employment within the City (1)		N/A	

<u>December 31, 2005</u>			
<u>Employer</u>	<u>Nature of Business</u>	<u>Employees</u>	<u>Rank</u>
State Farm Insurance	Insurance	1,401	1
Newark City Schools	Education	1,312	2
Licking County Government	Government	1,243	3
Licking Memorial Hospital	Hospital	1,195	4
Anomatic	Metal finishers	1,145	5
Owens Corning Fiberglass	Fiberglass insulation	1,045	6
OSUN/COTC	Education	650	7
Longaberger Inc.	Decorative baskets	600	8
Park National Bank Inc.	Banking	493	9
City of Newark	Government	489	10
Total		9,573	
Total Employment within the City (1)		N/A	

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

Source: City of Newark Auditor's Office

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**STAFFING STATISTICS  
FULL TIME EQUIVALENTS (FTE) BY TYPE AND FUNCTION  
LAST TEN FISCAL YEARS**

<b>Type</b>	<b>2015</b>	<b>2014 (1)</b>	<b>2013</b>	<b>2012</b>
Official - administrative	24.0	28.6	27.6	26.0
Professional - educational	432.1	431.5	425.2	425.6
Professional - other	18.0	26.7	26.7	27.7
Technical	42.9	40.5	41.4	42.9
Office - clerical	59.4	58.9	60.3	54.3
Craft & trade	9.0	9.0	9.3	8.3
Operative	29.2	29.8	26.8	23.2
Service worker/laborer	101.0	103.7	99.3	100.6
<b>Total</b>	<b>715.6</b>	<b>728.5</b>	<b>716.5</b>	<b>708.6</b>

<b>Function</b>	<b>2015</b>	<b>2014 (1)</b>	<b>2013</b>	<b>2012</b>
<b>Instruction:</b>				
Regular	309.1	315.8	307.2	316.8
Special	141.5	147.3	95.8	94.9
Vocational	3.0	3.0	4.0	3.5
Other	2.5	3.0	3.0	3.0
<b>Support Services:</b>				
Pupil	37.8	42.1	43.3	44.4
Instructional staff	29.8	34.4	71.3	72.5
Administration	37.7	41.6	42.4	39.0
Fiscal	8.0	7.0	8.0	7.0
Business	5.0	5.0	6.0	5.0
Operations and maintenance	59.3	58.0	60.0	54.5
Pupil transportation	43.3	34.6	35.9	31.9
Central	2.0	2.0	3.0	2.0
<b>Other non-instructional services:</b>				
Food service operations	30.2	26.6	30.9	28.8
Other non-instructional	4.4	6.1	3.7	3.3
Extracurricular activities	2.0	2.0	2.0	2.0
<b>Total Governmental Activities</b>	<b>715.6</b>	<b>728.5</b>	<b>716.5</b>	<b>708.6</b>

**Source:** School District records

- (1) For 2014, the Ohio Department of Education required new coding for special education aids. This new coding requirement moved FTE from instructional staff support to instruction special.

<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
29.0	26.9	30.0	31.0	33.1	32.0
430.5	429.8	438.0	429.9	484.2	480.2
27.8	23.7	26.3	25.1	24.7	22.2
32.4	28.0	32.7	29.9	40.4	38.8
61.9	59.7	57.5	59.1	61.9	63.3
9.3	9.3	10.0	10.0	11.0	11.0
24.5	30.2	22.1	21.6	33.5	35.1
104.0	107.0	110.7	114.2	118.4	118.6
<b>719.4</b>	<b>714.6</b>	<b>727.4</b>	<b>720.8</b>	<b>807.2</b>	<b>801.2</b>

<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
315.4	317.9	315.6	310.2	334.3	333.9
94.3	95.6	92.9	89.1	104.6	98.5
5.6	5.5	4.6	5.6	13.0	13.0
2.5	2.5	2.5	2.5	1.0	1.0
47.2	41.8	44.5	42.9	44.7	42.3
74.6	72.6	76.3	77.6	88.9	88.4
42.7	42.9	45.9	44.9	52.8	52.8
7.0	6.2	8.0	8.0	8.1	8.0
5.5	5.5	5.5	5.5	6.4	6.5
54.4	55.2	56.5	59.0	59.4	59.8
32.1	29.4	28.2	28.4	46.4	46.4
2.0	3.4	2.0	2.2	3.0	3.0
30.6	30.9	39.4	39.5	37.4	40.0
3.6	3.2	3.4	3.4	5.2	5.5
2.0	2.0	2.0	2.0	2.0	2.1
<b>719.4</b>	<b>714.6</b>	<b>727.4</b>	<b>720.8</b>	<b>807.2</b>	<b>801.2</b>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

<b>Function</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Instruction:</b>				
Regular and Special				
Enrollment (students)	6,291	6,531	6,433	6,380
Graduates	300	308	266	323
<b>Support services:</b>				
Board of education				
Regular meetings per year	12	12	12	11
Special meetings per year	7	6	4	11
Administration				
Student attendance rate	(1)	94.60%	94.60%	94.70%
Fiscal				
Nonpayroll checks issued	2,479	2,554	2,896	3,050
Operations and maintenance				
Square footage maintained	993,282	993,282	967,081	876,945
Pupil transportation				
Avg. students transported daily	2,235	2,393	2,359	2,424
Food service operations				
Meals served to students	586,399	590,987	633,868	668,161

(1) Information not currently available.

**Source:** School District records

<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
6,035	6,069	6,464	6,538	6,716	6,756
316	291	317	284	364	343
11	12	11	11	12	11
12	8	25	12	8	12
94.80%	94.40%	94.30%	94.20%	94.60%	94.50%
3,384	3,247	3,232	3,273	3,835	4,433
842,928	826,982	853,829	853,829	796,774	796,774
1,851	1,448	1,527	1,565	3,256	3,207
658,822	668,186	779,974	781,780	750,181	718,825

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

CAPITAL ASSET STATISTICS  
LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Land	\$ 1,592,635	\$ 1,592,635	\$ 1,599,684	\$ 1,617,250
Land improvements	730,592	449,426	458,575	136,686
Buildings and improvements	138,958,985	142,202,567	138,758,171	52,900,901
Furniture, fixtures and equipment	729,922	704,736	755,154	835,305
Vehicles	1,534,832	1,439,343	1,484,290	1,171,338
Construction in progress	<u>48,623</u>	<u>78,536</u>	<u>4,550,028</u>	<u>82,461,358</u>
 Total Governmental Activities Capital Assets, net	 <u>\$ 143,595,589</u>	 <u>\$ 146,467,243</u>	 <u>\$ 147,605,902</u>	 <u>\$ 139,122,838</u>

**Source:** School District financial records.

**Note:** Amounts above are presented net of accumulated depreciation.



<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
\$ 1,672,643	\$ 1,705,643	\$ 1,712,273	\$ 1,712,273	\$ 1,706,908	\$ 1,706,908
148,742	71,708	91,900	101,368	133,028	134,111
54,649,612	3,905,946	4,410,773	4,793,956	4,632,149	5,348,085
921,553	940,765	1,288,726	1,397,594	1,584,682	1,589,540
1,339,398	1,274,370	1,306,073	1,546,279	1,758,447	1,601,981
59,873,113	83,759,673	73,111,787	60,286,787	44,520,724	9,494,295
<u>\$ 118,605,061</u>	<u>\$ 91,658,105</u>	<u>\$ 81,921,532</u>	<u>\$ 69,838,257</u>	<u>\$ 54,335,938</u>	<u>\$ 19,874,920</u>

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS**

	<b>Tickmark</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Ben Franklin Elementary (1954)						
Square feet		44,982	44,982	44,982	44,982	44,982
Capacity (students)		350	350	350	350	350
Enrollment		446	451	424	366	391
Carson Elementary (2008)	(6)					
Square feet		61,073	61,073	61,073	61,073	61,073
Capacity (students)		500	500	500	500	500
Enrollment		475	493	507	552	487
Cherry Valley Elementary (2008)	(2)					
Square feet		61,073	61,073	61,073	61,073	61,073
Capacity (students)		500	500	500	500	500
Enrollment		468	479	462	492	499
Conrad Elementary (1905)	(1)					
Square feet		-	-	-	-	-
Capacity (students)		-	-	-	-	-
Enrollment		-	-	-	-	-
Hillview Elementary (2008)	(6)					
Square feet		61,073	61,073	61,073	61,073	61,073
Capacity (students)		500	500	500	500	500
Enrollment		488	463	472	502	449
John Clem Elementary (1958)	(8)					
Square feet		62,169	62,169	62,169	62,169	28,152
Capacity (students)		528	528	528	528	225
Enrollment		452	514	579	547	505
Kettering Elementary (1958)	(1)					
Square feet		-	-	-	-	-
Capacity (students)		-	-	-	-	-
Enrollment		-	-	-	-	-
Legend Elementary (2007)	(3)					
Square feet		61,073	61,073	61,073	61,073	61,073
Capacity (students)		500	500	500	500	500
Enrollment		567	543	556	585	544
McGuffey Elementary (1958)	(7)					
Square feet		62,367	62,367	62,367	32,562	32,562
Capacity (students)		472	472	472	260	260
Enrollment		519	507	497	517	467
Miller Elementary (1969)	(5)					
Square feet		-	-	-	-	-
Capacity (students)		-	-	-	-	-
Enrollment		-	-	-	-	-
North Elementary (1928)	(3)					
Square feet		-	-	-	-	-
Capacity (students)		-	-	-	-	-
Enrollment		-	-	-	-	-
West Main Intermediate (1925)	(1)					
Square feet		-	-	-	-	-
Capacity (students)		-	-	-	-	-
Enrollment		-	-	-	-	-

2010	2009	2008	2007	2006
44,982	38,632	38,632	38,632	38,632
350	309	309	309	309
368	399	379	389	385
61,073	61,073	61,073	-	-
500	500	500	-	-
562	507	445	-	-
61,073	61,073	61,073	30,160	30,160
500	500	500	241	241
470	453	464	389	411
-	-	-	28,875	28,875
-	-	-	231	231
-	-	-	269	266
61,073	61,073	61,073	-	-
500	500	500	-	-
456	449	473	-	-
28,152	28,152	28,152	28,152	28,152
225	225	225	225	225
499	375	412	394	385
-	-	-	17,021	17,021
-	-	-	136	136
-	-	-	304	302
61,073	61,073	61,073	-	-
500	500	500	-	-
545	415	388	-	-
32,562	32,562	32,562	32,562	32,562
260	260	260	260	260
473	372	389	360	383
-	33,197	33,197	33,197	33,197
-	265	265	265	265
-	383	398	436	450
-	-	-	36,784	36,784
-	-	-	294	294
-	-	-	478	459
-	-	-	54,330	54,330
-	-	-	434	434
-	-	-	421	432

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS - (Continued)**

	<u>Tickmark</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Central Intermediate (1940)	(1)					
Square feet		-	-	-	-	-
Capacity (students)		-	-	-	-	-
Enrollment		-	-	-	-	-
Heritage Middle School (2011)	(4),(9)					
Square feet		72,905	72,905	72,905	72,905	72,905
Capacity (students)		500	500	500	500	500
Enrollment		527	528	510	472	436
Liberty Middle School (2008)	(6)					
Square feet		69,922	69,922	69,922	69,922	69,922
Capacity (students)		450	450	450	450	450
Enrollment		493	497	476	484	482
Roosevelt Middle School (1929)	(1)					
Square feet		-	-	-	-	-
Capacity (students)		-	-	-	-	-
Enrollment		-	-	-	-	-
Wilson Middle School (1929)						
Square feet		67,950	67,950	67,950	67,950	67,950
Capacity (students)		450	450	450	450	450
Enrollment		414	444	436	442	421
High School (1961)	(10)					
Square feet		302,094	302,094	302,094	241,763	241,763
Capacity (students)		1,523	1,523	1,523	1,447	1,447
Enrollment		1,442	1,612	1,514	1,421	1,572
Administrative Service Center	(11)					
Square feet		45,201	45,201	19,000	19,000	19,000
Transportation and warehouse						
Square feet		21,400	21,400	21,400	21,400	21,400

**Source:** School District records

**Note:** Year of original construction is in parentheses

**Tickmarks**

- (1) Conrad, West Main, Central Intermediate, Roosevelt and Kettering closed at the end of the 2006-2007 year  
Central was sold in July 2007. Conrad was sold in October 2008. West Main was sold in December 2012.  
Kettering was demolished to make room for the new Heritage building.
- (2) Cherry Valley moved into a new building in January 2008. The old Cherry Valley building (1916) was demolished
- (3) North was renamed Legend and moved into a new building in January 2008. The old North building was demolished.
- (4) Lincoln was renamed Heritage beginning of 2007-2008 school year.
- (5) Miller was closed and sold in December 2010.
- (6) Hillview, Liberty and Carson were opened in 2008.
- (7) McGuffey renovations were completed in 2012 increasing capacity and square footage.
- (8) John Clem renovations were completed in 2011 increasing capacity and square footage.
- (9) Heritage moved to a new building in January 2011. The former building was demolished.
- (10) High School renovations, demolition and additions started Summer 2010 and was a three year project.
- (11) Administrative Service Center moved August 2013 to former Roosevelt Building.  
Third floor rented to Licking Area Computer Association (LACA) and Licking County ESC. Part of second floor also LACA.  
Former Administrative Service Center on E. Main St. was sold in November 2013.

2010	2009	2008	2007	2006
-	-	-	43,961	43,961
-	-	-	352	352
-	-	-	314	327
56,959	56,959	56,959	56,959	56,959
455	455	455	455	455
427	444	434	391	375
69,922	69,922	69,922	-	-
450	450	450	-	-
485	490	531	-	-
-	-	-	58,453	58,453
-	-	-	387	387
-	-	-	322	348
67,950	67,950	67,950	55,525	55,525
450	387	387	367	367
442	456	473	435	390
241,763	241,763	241,763	241,763	241,763
1,447	1,447	1,447	1,447	1,447
1,626	1,762	1,752	1,814	1,843
19,000	19,000	19,000	19,000	19,000
21,400	21,400	21,400	21,400	21,400

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

OPERATING STATISTICS  
LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>Governmental Funds</b>		<b>Governmental Activities</b>		<b>Enrollment</b>	<b>Percent Change</b>
	<b>Expenditures (2)</b>	<b>Cost per pupil</b>	<b>Expenses (3)</b>	<b>Cost per pupil</b>		
2015	\$ 72,278,360	\$ 11,489	\$ 72,174,266	\$ 11,473	6,291	(3.67) %
2014	71,523,371	10,951	72,579,294	11,113	6,531	1.52 %
2013	78,215,338	12,158	69,720,787	10,838	6,433	0.83 %
2012	91,375,407	14,322	71,004,115	11,129	6,380	2.03 %
2011	95,437,325	15,263	67,921,375	10,862	6,253	(1.57) %
2010	77,485,426	12,197	63,439,705	9,986	6,353	(2.34) %
2009	74,943,086	11,521	62,941,493	9,676	6,505	(0.50) %
2008	76,468,106	11,696	60,797,798	9,299	6,538	(2.65) %
2007	98,508,497	14,668	64,208,245	9,560	6,716	(0.59) %
2006	73,515,461	10,882	64,069,619	9,483	6,756	(1.63) %

**Source:** School District financial records

(1) Information not currently available.

(2) Debt Service totals have been excluded, as the principal and interest payments are not applied toward per pupil expenditures.

(3) Interest and fiscal expenses and debt issuance expenses have been excluded, as these payments are not applied toward per pupil expenditures.

<b>Teaching Staff</b>	<b>Pupil/Teacher Ratio</b>	<b>Student Attendance Percentage</b>
432	14.56	(1)
431	15.15	94.60%
425	15.14	94.60%
426	14.98	94.70%
431	14.51	94.80%
430	14.77	94.40%
408	15.94	94.30%
389	16.81	94.20%
428	15.69	94.60%
443	15.25	94.50%

**THIS PAGE IS INTENTIONALLY LEFT BLANK**





# Dave Yost • Auditor of State

**NEWARK CITY SCHOOL DISTRICT**

**LICKING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 16, 2016**