

Comprehensive Annual Financial Report

Wildcats Wildcats Wildcats Wildcats Wildcats Wildcats
N N N N N N N

Excellence



Opportunity



Hope



Wildcats Wildcats Wildcats Wildcats Wildcats Wildcats
N N N N N N N

*Newark City Schools
Newark, Ohio
For The Year Ending June 30, 2017*



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, 2016 through June 30, 2017. 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

February 5, 2018

This page intentionally left blank.

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

OF THE

**NEWARK CITY
SCHOOL DISTRICT**

FOR THE

FISCAL YEAR ENDED JUNE 30, 2017

**PREPARED BY
TREASURER'S DEPARTMENT
JULIO VALLADARES, TREASURER/CFO**

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, 2017**

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
BASIC FINANCIAL STATEMENTS:	
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.....	43-103

REQUIRED SUPPLEMENTARY INFORMATION:

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

School Employees Retirement System (SERS) of Ohio	106
State Teachers Retirement System (STRS) of Ohio	107

Schedule of District Contributions:

School Employees Retirement System (SERS) of Ohio	108-109
State Teachers Retirement System (STRS) of Ohio	110-111

Notes to Required Supplementary	112
---------------------------------------	-----

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES:

Fund Descriptions - Major Funds	114
---------------------------------------	-----

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

Debt Service Fund	115
-------------------------	-----

Combining Balance Sheet - Nonmajor Governmental Funds	116
---	-----

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	117
--	-----

Fund Descriptions - Nonmajor Special Revenue Funds	118-120
--	---------

Combining Balance Sheet - Nonmajor Special Revenue Funds	122-124
--	---------

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	126-129
---	---------

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

Miscellaneous Grants Fund	130
District Managed Student Activity Fund	130
Auxiliary Services Fund	130
Public School Preschool Fund	131
Data Communications Fund	131
Alternative Schools Fund	131
Miscellaneous State Grants Fund	132
Title VI-B Fund	132
Title I Fund	133
EHA Preschool Grant Fund	133
Reducing Class Size Fund	133
Miscellaneous Federal Grants Fund	134
Food Service Fund	134
Classroom Facilities Maintenance Fund	134

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

School Activity Trusts Fund	135
Staff Trusts Fund	135
Rotary Fund – Special Services Fund	135
Rotary Fund	136
Public School Support Fund	136

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES - (Continued):

Fund Descriptions - Nonmajor Capital Projects Funds	137
Combining Balance Sheet - Nonmajor Capital Projects Funds	138
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds	139
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
Permanent Improvement Fund	140
Building Fund	140
Classroom Facilities Fund	140
Fund Description - Internal Service Fund	141
Schedule of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Non-GAAP Budgetary Basis):	
Employee Benefits Self-Insurance Fund	142
Fund Descriptions - Fiduciary Funds	143
Combining Statement of Fiduciary Net Position - Private-Purpose Trust Funds	144
Combining Statement of Changes in Fiduciary Net Position - Private-Purpose Trust Funds	145
Schedules of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Non-GAAP Budgetary Basis):	
Special Trusts Fund	146
Endowment Fund.....	146
Statement of Changes in Assets and Liabilities - Agency Fund	147

III. STATISTICAL SECTION

Table of Contents	149
Net Position by Component - Last Ten Fiscal Years	150-151
Changes in Net Position - Last Ten Fiscal Years	152-157
Fund Balances, Governmental Funds - Last Ten Fiscal Years	158-159
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	160-163
Assessed Valuation and Estimated Actual Value of Taxable Property - Last Ten Years.....	164-165
Direct and Overlapping Property Tax Rates - Last Ten Years	166
Principal Property Tax Payers - Current Year and Nine Years Ago	167
Property Tax Levies and Collections - Last Ten Fiscal Years	168-169
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	170
Ratios of Net General Bonded Debt Outstanding - Last Ten Fiscal Years	171
Direct and Overlapping Governmental Activities Debt - As of June 30, 2017	172
Legal Debt Margin Information - Last Ten Fiscal Years	173
Demographic and Economic Statistics - Last Ten Fiscal Years.....	174

STATISTICAL SECTION - (Continued):

Principal Employers - Current Year and Nine Years Ago	175
Staffing Statistics, Full Time Equivalents by Type and Function -Last Ten Fiscal Years	176-177
Operating Indicators by Function - Last Ten Fiscal Years	178-179
Capital Asset Statistics - Last Ten Fiscal Years	180-181
School Building Information - Last Ten Fiscal Years	182-185
Operating Statistics - Last Ten Fiscal Years	186-187



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

December 15, 2017

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

We are pleased to submit to you the seventeenth 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 49,134 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 2017, the District had 6,127 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, Newark City Schools, and Anomatic Corporation.

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.

The District had been impacted by the national recession in fiscal years 2009 and 2011 regarding income tax. In fiscal year 2009, income tax collections decreased 3.5% signaling the start of the economic downturn of local businesses. In fiscal year 2010 and 2011, income tax collections continued to decline. Beginning in fiscal year 2012, the local economy started to improve. For fiscal years 2012 through 2015, income tax collections increased 1.0%, 3.9%, 2.8%, and 2.5%, respectively, showing signs that the local economy was improving. For fiscal years 2016 and 2017, income tax collections have leveled off showing an increase over the prior year of 0.9% and 1.4%, respectively.

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. The next levy that will need to go on the ballot would be the 7.5 mil emergency property tax levy which would generate estimated annual revenues for the life of the levy of \$5.9 million. This levy will expire on December 31, 2019. As such, the District can place this levy renewal on the May 2018 or the November 2018 ballot and at any election in 2019. The District's income tax levy was recently renewed for five years beginning January 2018. This levy will expire on December 31, 2022. As such, the District can place this levy renewal on the May 2021 or the November 2021 ballot and at any election in 2022.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Accomplishments for 2017

Financial

The District received the Certificate of Excellence in Financial Reporting from the Government Finance Officers Association for its fiscal year 2016 CAFR.

The District received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association for its fiscal year 2016 Popular Annual Financial Report.

Instruction

The District obtains academic performance results from the State of Ohio's District report card. The District achieved the following grades on the 2016-2017 State of Ohio District report card:

Performance index	C	71.2%
4-year graduation	C	84.5%
5-year graduation	C	86.0%
Closing the Gap	F	41.5%

Achievement Tests

State and federal law requires testing students in grades 3 - 8 and high school in various subjects. During 2016-2017, the following tests were administered:

- 3rd grade - reading and math
- 4th grade - reading, math, and social studies
- 5th grade - reading, math, and science
- 6th grade – reading, math and social studies
- 7th grade - reading, and math
- 8th grade - reading, math, and science
- 12th 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 2017.
- High School end of course exams: Algebra, Geometry, Biology, American History, American Government, English LA1, and English LA2.

The percentage of High School students who have successfully passed the 2016-2017 End of Course Exams is listed here:

Algebra I	41.4%
Biology	58.2%
English I	59.4%
English II	57.3%
Geometry	31.8%
Government	73.8%
History	75.3%
Math I	6.3%

Initiatives for 2018

Financial

To receive the Certificate of Excellence in Financial Reporting from the GFOA for the District's fiscal year 2017 CAFR.

To receive the Award for Outstanding Achievement in Popular Annual Financial Reporting from the GFOA for the fiscal year 2017 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 who are social economical disadvantaged with disabilities in reading and math.
- Continue to implement the Ohio Improvement Process.
- To continue to implement and monitor the Response to Intervention (RtI) process.
- To evaluate high school textbook and instructional materials adoptions and purchase instructional materials as necessary.
- To continue to support staff and students for 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, 2016.

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



Julio Valladares
Treasurer/CFO

NEWARK CITY SCHOOL DISTRICT

PRINCIPAL OFFICERS

Board of Education

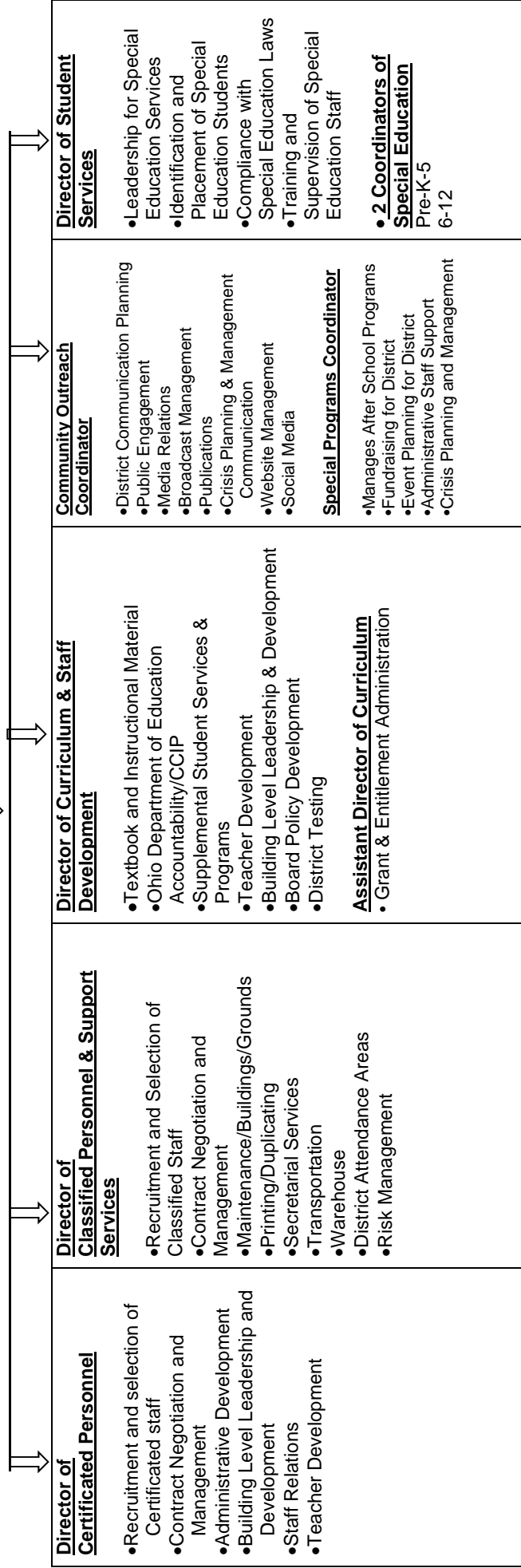
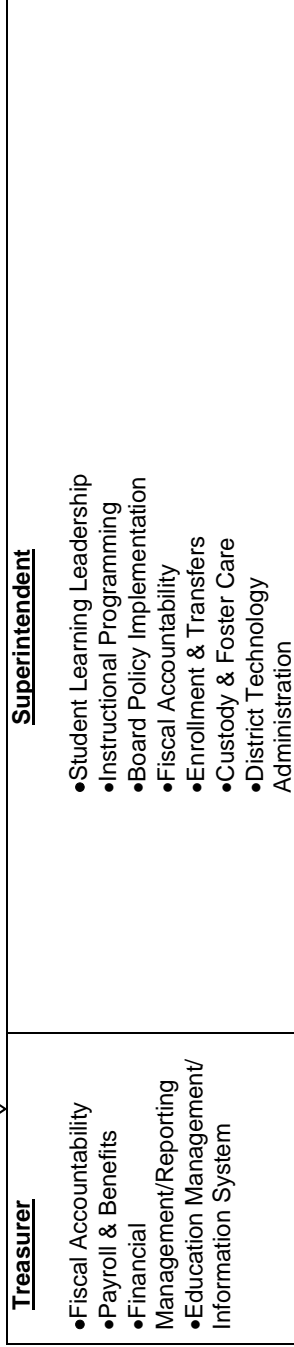
Tom Bline	Board Member, President
Tim Carr	Board Member, Vice President
Mike Blowers	Board Member
Beverly Niccum	Board Member
Warren Weber	Board Member

Administration

Douglas Ute	Superintendent
Julio Valladares	Treasurer
Mark Shively	Director of Classified Personnel & Business Manager
Barbara Quackenbush	Director of Certificated Personnel
Maura Horgan	Director of Curriculum & Staff Development
Melinda Vaughn	Director of Special Education

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, 2016

Executive Director/CEO

December 15, 2017

To the Board of Education and Management
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, 2017, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require 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, 106-107 and 108-111, 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 our opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate 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 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 December 15, 2017 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.

Rea & 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, 2017
(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, 2017. 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 2017 are as follows:

- The District's net position of governmental activities decreased \$719,486 which represents a 2.07% decrease from 2016.
- For governmental activities general revenues accounted for \$70,308,438 in revenue or 80.72% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$16,788,448 or 19.28% of total revenues of \$87,096,886.
- The District had \$87,816,372 in expenses related to governmental activities; only \$16,788,448 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 \$70,308,438 were not adequate to provide for these programs.
- The District's major governmental funds include the general fund and debt service fund. The general fund had \$72,051,970 in revenues and \$67,558,939 in expenditures. During fiscal 2017, the general fund's fund balance increased \$4,493,031 from a balance of \$23,476,385 to \$27,969,416.
- The debt service fund had \$4,627,643 in revenues and \$4,808,360 in expenditures. During fiscal year 2017, the debt service fund balance decreased by \$180,717 from \$2,224,901 to \$2,044,184.

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, 2017
(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 2017?" 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, 2017
(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 43-103 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 105-112 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, 2017
(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, 2017 and June 30, 2016.

	Net Position	
	Governmental Activities 2017	Governmental Activities 2016
<u>Assets</u>		
Current and other assets	\$ 74,287,215	\$ 71,541,008
Capital assets, net	<u>139,652,113</u>	<u>142,187,205</u>
Total assets	<u>213,939,328</u>	<u>213,728,213</u>
<u>Deferred Outflows of Resources</u>		
Unamortized deferred charges on debt refunding	1,927,259	2,119,144
Pensions	<u>21,064,932</u>	<u>8,630,661</u>
Total deferred outflows of resources	<u>22,992,191</u>	<u>10,749,805</u>
<u>Liabilities</u>		
Current liabilities	9,253,417	8,536,011
Long-term liabilities:		
Due within one year	3,290,465	3,320,252
Due in more than one year:		
Net pension liability	110,256,758	88,513,629
Other amounts	<u>56,331,899</u>	<u>59,365,346</u>
Total liabilities	<u>179,132,539</u>	<u>159,735,238</u>
<u>Deferred Inflows of Resources</u>		
Property taxes levied for next fiscal year	23,190,071	23,364,616
Payment in lieu of taxes levied for next fiscal year	27,612	26,606
Pensions	<u>618,218</u>	<u>6,668,993</u>
Total deferred inflows of resources	<u>23,835,901</u>	<u>30,060,215</u>
<u>Net Position</u>		
Net investment in capital assets	85,515,706	84,802,559
Restricted	8,694,181	11,693,660
Unrestricted (deficit)	<u>(60,246,808)</u>	<u>(61,813,654)</u>
Total net position	<u>\$ 33,963,079</u>	<u>\$ 34,682,565</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

Net Pension Liability and related deferred inflows and outflows of resources

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 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 well as a net pension liability and deferred inflows/outflows related to pension.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Analysis of Net Position

Current and other assets increased primarily due to an increase in cash and cash equivalents resulting from the increased receipt of unrestricted state foundation and due to an increase in intergovernmental receivables due to increased grant funding in fiscal year 2017. Capital assets, net, decreased as depreciation expense exceeded current year capital asset additions.

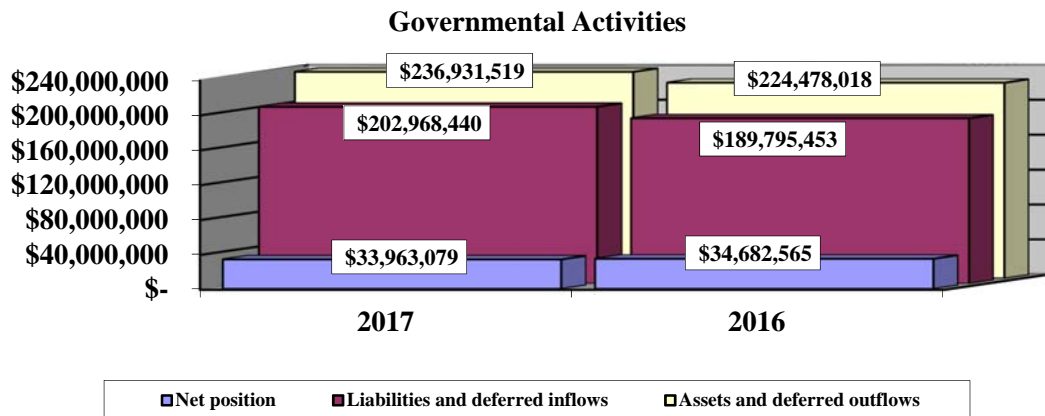
At year-end, capital assets represented 65.28% of total assets. Capital assets include land, land improvements, buildings and improvements, construction in progress, furniture and equipment and vehicles. The net investment in capital assets at June 30, 2017, was \$85,515,706. These capital assets are 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.

Current liabilities increased primarily due to increased accrued wages and benefits due at year-end coupled with an increase in accounts payable for good and services incurred in fiscal year 2017 but not paid by fiscal-year end. Long-term liabilities increased as a result of an increase in the net pension liability.

The District's net pension liability and deferred inflows/outflows of resources related to pension are discussed above. The District contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions to District employees, not the District. Factors effecting the net pension liability and deferred inflows/outflows of resources related to pension are outside of the control of the District.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2017, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$33,963,079.

A portion of the District's net position, \$8,694,181, 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 \$60,246,808. 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, 2017 and 2016.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

The table below shows the changes in net position for governmental activities between 2017 and 2016.

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 2,020,978	\$ 1,889,838
Operating grants and contributions	14,767,470	13,587,087
General revenues:		
Property taxes	24,379,443	25,139,144
School district income taxes	8,870,372	8,745,391
Payment in lieu of taxes	307,928	107,329
Grants and entitlements	36,105,065	34,014,142
Investment earnings	263,738	111,006
Other	381,892	408,257
Total revenues	<u>87,096,886</u>	<u>84,002,194</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	37,735,297	35,039,883
Special	15,014,909	12,202,659
Vocational	369,372	337,294
Other	153,373	232,702
Support services:		
Pupil	4,539,392	4,037,014
Instructional staff	3,674,400	3,026,969
Board of Education	150,549	259,894
Administration	4,281,207	3,953,871
Fiscal	1,372,452	1,475,422
Business	630,260	500,683
Operations and maintenance	7,176,597	7,243,616
Pupil transportation	3,615,232	3,232,114
Central	537,799	538,794
Operation of non-instructional services:		
Food service operations	2,938,568	2,590,338
Other non-instructional services	2,470,071	670,056
Extracurricular activities	1,256,345	1,096,845
Interest and fiscal charges	1,900,549	2,075,843
Total expenses	<u>87,816,372</u>	<u>78,513,997</u>
Changes in net position	(719,486)	5,488,197
Net position at beginning of year	<u>34,682,565</u>	<u>29,194,368</u>
Net position at end of year	<u>\$ 33,963,079</u>	<u>\$ 34,682,565</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

Governmental Activities

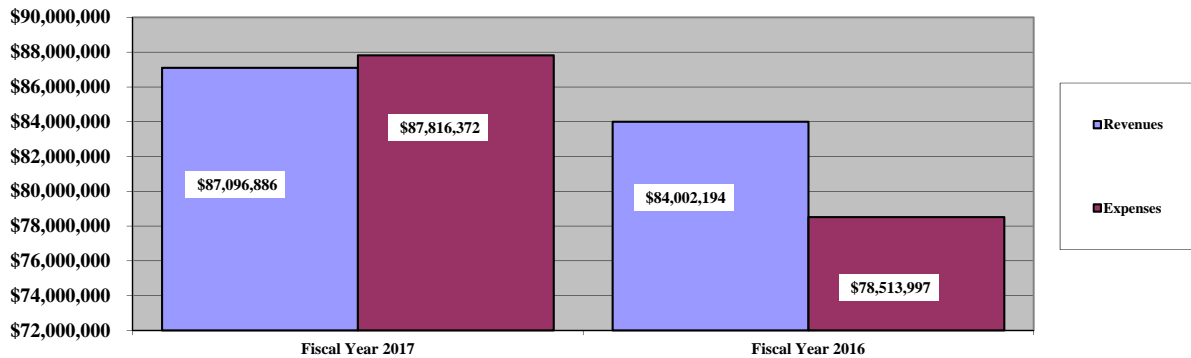
Net position of the District's governmental activities decreased \$719,486. Total governmental expenses of \$87,816,372 were offset by program revenues of \$16,788,448 and general revenues of \$70,308,438. Program revenues supported 19.12% of the total governmental expenses.

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 \$69,354,880 and represent 79.63% of total governmental revenue. School district income taxes increased \$124,981, or 1.43%, due to increased income tax collections resulting from improved economic condition from the prior year. Grants and entitlements not restricted to specific programs increased \$2,090,923, or 6.15%, due to increased funding from the State of Ohio through Foundation payments.

Overall, expenses increased \$9,302,375, or 11.85%. Instruction expenses, which represent the District's largest expense category, accounted for \$5,460,413 of the increase primarily due to wage and benefit increases. Fiscal year 2017 pension expense related to the District's net pension liability increased approximately \$4.5 million from fiscal year 2016. The increase in expense is primarily reported in instruction expenses. Operation of other non-instruction services increased due to an approximate \$1.8 million expense related to the close-out of the construction project with the Ohio Facilities Construction Commission (OFCC). These funds were returned to the OFCC in accordance with the project agreement after the close-out procedures were finalized.

The graph below presents the governmental activities revenues and expenses for fiscal years 2017 and 2016.

Governmental Activities - Revenues and Expenses



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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 2017 compared to 2016. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2017	2017	2016	2016
Program expenses:				
Instruction:				
Regular	\$ 37,735,297	\$ 36,282,696	\$ 35,039,883	\$ 33,763,808
Special	15,014,909	6,115,147	12,202,659	4,175,293
Vocational	369,372	293,995	337,294	272,124
Other	153,373	153,373	232,702	232,702
Support services:				
Pupil	4,539,392	4,259,077	4,037,014	3,828,606
Instructional staff	3,674,400	2,464,555	3,026,969	1,888,935
Board of Education	150,549	150,549	259,894	259,894
Administration	4,281,207	4,012,078	3,953,871	3,639,432
Fiscal	1,372,452	1,364,813	1,475,422	1,467,922
Business	630,260	630,260	500,683	500,683
Operations and maintenance	7,176,597	6,954,588	7,243,616	6,994,750
Pupil transportation	3,615,232	3,201,628	3,232,114	2,698,532
Central	537,799	537,799	538,794	538,794
Operation of non-instructional services:				
Food service operations	2,938,568	(18,296)	2,590,338	(121,262)
Other non-instructional services	2,470,071	1,684,675	670,056	(89,663)
Extracurricular activities	1,256,345	1,040,438	1,096,845	910,679
Interest and fiscal charges	1,900,549	1,900,549	2,075,843	2,075,843
Total expenses	\$ 87,816,372	\$ 71,027,924	\$ 78,513,997	\$ 63,037,072

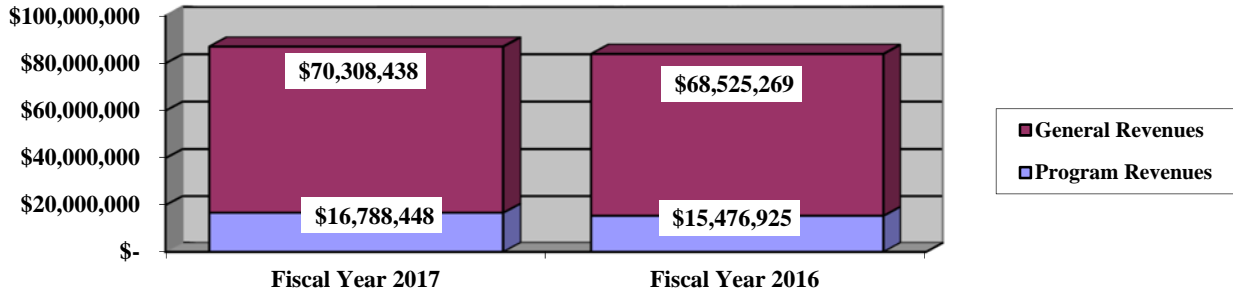
The dependence upon tax and other general revenues for governmental activities is apparent, 80.43% of instruction activities, totaling \$42,845,211 are supported through taxes and other general revenues. For all governmental activities, general revenue support is 80.88%.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

The graph below presents the District's general and program revenues for fiscal years 2017 and 2016.

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 \$36,374,069 which is more than last year's total of \$34,081,614. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2017 and 2016.

	Fund Balance <u>June 30, 2017</u>	Fund Balance <u>June 30, 2016</u>	<u>Change</u>
General	\$ 27,969,416	\$ 23,476,385	\$ 4,493,031
Debt Service	2,044,184	2,224,901	(180,717)
Other Governmental	<u>6,360,469</u>	<u>8,380,328</u>	<u>(2,019,859)</u>
Total	<u>\$ 36,374,069</u>	<u>\$ 34,081,614</u>	<u>\$ 2,292,455</u>

Other Governmental

The decrease in the fund balance in the other governmental funds is primarily due to an approximate \$1.8 million expenditure reported to the close-out of the construction project with the OFCC. This expenditure effectively closed-out classroom facilities fund (a nonmajor governmental fund) which was used to account for the construction project financed through the OFCC. These funds were returned to the OFCC in accordance with the project agreement after the close-out procedures were finalized.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

General Fund

The District's general fund balance increased \$4,493,031. The table below summarizes the revenues and expenditures for fiscal year 2017 and 2016:

	2017 <u>Amount</u>	2016 <u>Amount</u>	Percentage <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 28,589,355	\$ 28,471,724	0.41 %
Tuition	799,207	715,571	11.69 %
Earnings on investments	258,615	105,652	144.78 %
Intergovernmental	41,132,499	38,641,688	6.45 %
Other revenues	<u>1,272,294</u>	<u>1,054,078</u>	20.70 %
Total	<u>\$ 72,051,970</u>	<u>\$ 68,988,713</u>	4.44 %
<u>Expenditures</u>			
Instruction	\$ 44,810,820	\$ 42,495,167	5.45 %
Support services	21,776,446	21,540,995	1.09 %
Operation of non-instructional services	67,319	66,778	0.81 %
Extracurricular activities	847,859	768,112	10.38 %
Capital outlay	-	252,284	(100.00) %
Debt service	<u>56,495</u>	<u>45,637</u>	23.79 %
Total	<u>\$ 67,558,939</u>	<u>\$ 65,168,973</u>	3.67 %

The increase in tuition was due to open enrollment with more students from other districts. Taxes remained comparable to the prior year, increasing less than one percent. 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 increased revenues from payments in lieu of taxes. The largest expenditure line items, instruction and support services, increased over fiscal year 2016. Instruction expenditures increased due to increased costs associated with both regular and special education programs.

Debt Service Fund

The debt service fund had \$4,627,643 in revenues and \$4,808,360 in expenditures. During fiscal year 2017, the debt service fund balance decreased by \$180,717 from \$2,224,901 to \$2,044,184.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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 2017, the original and final budgeted revenues and other financing sources were \$68,774,238. Actual revenues and other financing sources for fiscal year 2017 were \$71,780,060. Actual revenues and other financing sources were \$3,005,822 higher than final budgeted revenues. The variances in budgeted revenues were primarily caused by taxes and intergovernmental revenues exceeding budgeted amounts.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$70,881,036 were increased to \$70,907,839 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2017 totaled \$69,427,015 which was \$1,480,824 lower than the final budget appropriations. The variances were primarily caused by instructional costs ending the year under budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2017, the District had \$139,652,113 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 2017 balances compared to 2016.

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

	Governmental Activities	
	2017	2016
Land	\$ 1,970,712	\$ 1,970,712
Land improvements	689,207	694,228
Building and improvements	132,358,997	135,656,952
Furniture and equipment	834,302	932,492
Vehicles	1,517,578	1,505,857
Construction in progress	2,281,317	1,426,964
Total	\$ 139,652,113	\$ 142,187,205

Total additions to capital assets for 2017 were \$1,273,040. Depreciation recorded for the fiscal year totaled \$3,808,132.

The overall decrease in capital assets, net of accumulated depreciation, of \$2,535,092 is primarily due to the District's depreciation expense of \$3,808,132 exceeding capital asset additions.

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, 2017
(UNAUDITED)

Debt Administration

At June 30, 2017, the District had \$50,161,627 in general obligation bonds, \$1,500,000 in notes payable and \$205,697 in capital lease obligations. Of this total, \$2,552,363 is due within one year and \$49,314,961 is due in greater than one year. The District also reports \$110,256,758 as a net pension liability due to the implementation of GASB 68.

The following table summarizes the bonds (excluding unamortized premiums and accreted interest on capital appreciation bonds) and capital lease obligations outstanding at June 30, 2017 and 2016.

Outstanding Debt, at Year End

	Governmental Activities 2017	Governmental Activities 2016
General obligation bonds:		
Refunding	\$ 50,161,627	\$ 53,111,627
Notes payable	1,500,000	1,500,000
Capital lease obligations	205,697	252,575
Total	\$ 51,867,324	\$ 54,864,202

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 2017 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 2022. 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 2017, the District's enrollment decreased 24 students from fiscal year 2016.

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 1% income tax renewal levy was successful in March 2016 for an additional five years. The tax payers passed a 7.5 mill emergency property tax levy on the May 5, 2009 ballot which was renewed by the voters in November of 2013. The 7.5 mill emergency levy expires in December 31, 2019 and without the levy renewal, expenditures significantly will outpace revenues in fiscal year 2020. The District will continue to look at ways to increase revenues or contain expenditures.

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. Julio Valladares, Treasurer/CFO 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, 2017

	Governmental Activities	Component Units	
		Newark Digital Academy	Par Excellence Academy
Assets:			
Equity in pooled cash and cash equivalents.	\$ 41,420,385	\$ 3,489,941	\$ 56,648
Receivables:			
Property taxes	26,348,212	-	-
Income taxes.	4,038,116	-	-
Payment in lieu of taxes	27,612	-	-
Accounts.	29,938	-	20
Accrued interest	15,857	-	-
Intergovernmental	2,179,069	118,465	77,177
Prepayments	210,654	12,368	27,305
Materials and supplies inventory.	4,651	-	-
Inventory held for resale.	12,721	-	-
Asset held for resale	-	-	124,391
Capital assets:			
Nondepreciable capital assets	4,252,029	6,630	-
Depreciable capital assets, net.	135,400,084	1,479,869	245,779
Capital assets, net.	139,652,113	1,486,499	245,779
Total assets.	213,939,328	5,107,273	531,320
Deferred outflows of resources:			
Unamortized deferred charges on debt refundings	1,927,259	-	-
Pension - STRS	16,230,700	1,116,499	491,602
Pension - SERS	4,834,232	150,901	104,778
Total deferred outflows of resources	22,992,191	1,267,400	596,380
Liabilities:			
Accounts payable.	970,503	40,497	25,781
Contracts payable.	7,157	-	-
Retainage payable	13,503	-	-
Accrued wages and benefits payable	5,443,310	91,771	73,404
Compensated absences payable.	-	10,221	15,348
Pension obligation payable.	935,909	-	12,317
Intergovernmental payable	278,560	50,968	29,002
Unearned revenue	906,689	-	-
Accrued interest payable	168,786	-	-
Claims payable.	529,000	-	-
Long-term liabilities:			
Due within one year.	3,290,465	249,617	-
Due in more than one year:			
Net pension liability	110,256,758	3,393,318	2,126,719
Other amounts due in more than one year	56,331,899	305,448	-
Total liabilities	179,132,539	4,141,840	2,282,571
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	23,190,071	-	-
Payment in lieu of taxes levied for the next fiscal year	27,612	-	-
Pension - STRS.	618,218	-	-
Pension - SERS.	-	-	12,490
Total deferred inflows of resources	23,835,901	-	12,490
Net position:			
Net investment in capital assets	85,515,706	1,486,499	245,779
Restricted for:			
Capital projects	1,724,354	-	-
Classroom facilities maintenance	2,708,897	-	-
Debt service.	1,539,363	-	-
Locally funded programs	25,618	-	-
State funded programs.	6,320	-	-
Federally funded programs	570,779	60,223	12,650
Student activities	289,732	-	-
Food service operations	1,829,118	-	-
Other purposes	-	-	6,059
Unrestricted (deficit)	(60,246,808)	686,111	(1,431,849)
Total net position	\$ 33,963,079	\$ 2,232,833	\$ (1,167,361)

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, 2017

	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
Governmental activities:						
Instruction:						
Regular	\$ 37,735,297	\$ 1,047,952	\$ 404,649	\$ (36,282,696)	\$ -	\$ -
Special	15,014,909	67,249	8,832,513	(6,115,147)	-	-
Vocational	369,372	-	75,377	(293,995)	-	-
Other	153,373	-	-	(153,373)	-	-
Support services:						
Pupil.	4,539,392	-	280,315	(4,259,077)	-	-
Instructional staff	3,674,400	-	1,209,845	(2,464,555)	-	-
Board of education	150,549	-	-	(150,549)	-	-
Administration.	4,281,207	-	269,129	(4,012,078)	-	-
Fiscal.	1,372,452	-	7,639	(1,364,813)	-	-
Business.	630,260	-	-	(630,260)	-	-
Operations and maintenance	7,176,597	109,750	112,259	(6,954,588)	-	-
Pupil transportation.	3,615,232	24,623	388,981	(3,201,628)	-	-
Central	537,799	-	-	(537,799)	-	-
Operation of non-instructional services:						
Food service operations	2,938,568	542,784	2,414,080	18,296	-	-
Other non-instructional services	2,470,071	62,319	723,077	(1,684,675)	-	-
Extracurricular activities.	1,256,345	166,301	49,606	(1,040,438)	-	-
Interest and fiscal charges	1,900,549	-	-	(1,900,549)	-	-
Total governmental activities	<u>\$ 87,816,372</u>	<u>\$ 2,020,978</u>	<u>\$ 14,767,470</u>	<u>(71,027,924)</u>	<u>-</u>	<u>-</u>
Component units						
Newark Digital Academy	\$ 2,757,939	\$ -	\$ 291,929	-	(2,466,010)	-
Par Excellence Academy	1,804,255	-	220,392	-	-	(1,583,863)
Total component units	<u>\$ 4,562,194</u>	<u>\$ -</u>	<u>\$ 512,321</u>	<u>-</u>	<u>(2,466,010)</u>	<u>(1,583,863)</u>
General revenues:						
Property taxes levied for:						
General purposes				19,201,896	-	-
Debt service.				3,833,655	-	-
Capital outlay				931,011	-	-
Facilities maintenance.				412,881	-	-
Income taxes levied for:						
General purposes				8,870,372	-	-
Payments in lieu of taxes.				307,928	-	-
Grants and entitlements not restricted						
to specific programs				36,105,065	2,182,919	1,117,472
Investment earnings				263,738	19,260	269
Miscellaneous				381,892	9,973	27,381
Total general revenues				<u>70,308,438</u>	<u>2,212,152</u>	<u>1,145,122</u>
Change in net position				(719,486)	(253,858)	(438,741)
Net position (deficit) at beginning of year				<u>34,682,565</u>	<u>2,486,691</u>	<u>(728,620)</u>
Net position (deficit) at end of year.				<u>\$ 33,963,079</u>	<u>\$ 2,232,833</u>	<u>\$ (1,167,361)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 28,602,727	\$ 1,767,554	\$ 7,227,486	\$ 37,597,767
Receivables:				
Property taxes	20,554,138	4,296,720	1,497,354	26,348,212
Income taxes	4,038,116	-	-	4,038,116
Payment in lieu of taxes	22,346	3,426	1,840	27,612
Accounts	29,401	-	537	29,938
Accrued interest	15,857	-	-	15,857
Interfund loans	512,786	-	-	512,786
Intergovernmental	683,140	-	1,495,929	2,179,069
Prepayments	200,754	-	9,900	210,654
Materials and supplies inventory	-	-	4,651	4,651
Inventory held for resale	-	-	12,721	12,721
Total assets	<u>\$ 54,659,265</u>	<u>\$ 6,067,700</u>	<u>\$ 10,250,418</u>	<u>\$ 70,977,383</u>
Liabilities:				
Accounts payable	\$ 448,202	\$ -	\$ 520,079	\$ 968,281
Contracts payable	-	-	7,157	7,157
Retainage payable	-	-	13,503	13,503
Accrued wages and benefits payable	4,897,456	-	545,854	5,443,310
Compensated absences payable	59,609	-	-	59,609
Intergovernmental payable	271,866	-	6,694	278,560
Pension obligation payable	829,257	-	106,652	935,909
Interfund loans payable	-	-	512,786	512,786
Total liabilities	<u>6,506,390</u>	<u>-</u>	<u>1,712,725</u>	<u>8,219,115</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year . . .	18,045,552	3,820,441	1,324,078	23,190,071
Payment in lieu of taxes levied for the next fiscal year . . .	22,346	3,426	1,840	27,612
Delinquent property tax revenue not available . . .	1,053,986	199,649	72,176	1,325,811
Income tax revenue not available	1,009,529	-	-	1,009,529
Intergovernmental revenue not available	-	-	779,130	779,130
Accrued interest not available	8,822	-	-	8,822
Miscellaneous revenue not available	43,224	-	-	43,224
Total deferred inflows of resources	<u>20,183,459</u>	<u>4,023,516</u>	<u>2,177,224</u>	<u>26,384,199</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	-	-	4,651	4,651
Prepays	200,754	-	9,900	210,654
Restricted:				
Debt service	-	2,044,184	-	2,044,184
Capital improvements	-	-	1,631,518	1,631,518
Classroom facilities maintenance	-	-	2,708,897	2,708,897
Food service operations	-	-	1,896,233	1,896,233
Non-public schools	-	-	5,700	5,700
Other purposes	-	-	25,618	25,618
Extracurricular	-	-	289,713	289,713
Committed:				
Insurance risk reserve	889,729	-	-	889,729
Assigned:				
Student instruction	74,354	-	-	74,354
Student and staff support	676,437	-	-	676,437
Debt service	456	-	-	456
Other purposes	215,942	-	-	215,942
Unassigned (deficit)	25,911,744	-	(211,761)	25,699,983
Total fund balances	<u>27,969,416</u>	<u>2,044,184</u>	<u>6,360,469</u>	<u>36,374,069</u>
Total liabilities, deferred inflows and fund balances .	<u>\$ 54,659,265</u>	<u>\$ 6,067,700</u>	<u>\$ 10,250,418</u>	<u>\$ 70,977,383</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, 2017**

Total governmental fund balances		\$	36,374,069
<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.			139,652,113
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	1,325,811	
Income taxes receivable		1,009,529	
Accounts receivable		43,224	
Accrued interest receivable		8,822	
Intergovernmental receivable		779,130	
Total			3,166,516
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.			2,384,707
Unamortized premiums on bonds issued are not recognized in the funds.			(4,175,682)
Deferred outflows of resources related to unamortized deferred charges on debt refundings are not recognized in the funds.			1,927,259
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(168,786)
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		21,064,932	
Deferred inflows of resources - pension		(618,218)	
Net pension liability		(110,256,758)	
Total			(89,810,044)
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		(50,697,311)	
General obligation notes		(1,500,000)	
Capital lease obligations		(205,697)	
Compensated absences		(2,984,065)	
Total			(55,387,073)
Net position of governmental activities		\$	33,963,079

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, 2017

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Property taxes	\$ 19,714,631	\$ 3,995,904	\$ 1,383,189	\$ 25,093,724
Income taxes	8,874,724	-	-	8,874,724
Payment in lieu of taxes	305,118	1,946	864	307,928
Tuition	799,207	-	-	799,207
Transportation fees	24,550	-	-	24,550
Earnings on investments	258,615	-	12,428	271,043
Charges for services	-	-	542,784	542,784
Extracurricular	14,753	-	167,035	181,788
Classroom materials and fees	123,060	-	-	123,060
Rental income	109,750	-	-	109,750
Contributions and donations	93,498	-	50,219	143,717
Contract services	187,448	-	-	187,448
Other local revenues	414,117	-	216,772	630,889
Intergovernmental - state	41,132,499	629,793	1,241,763	43,004,055
Intergovernmental - federal	-	-	7,792,420	7,792,420
Total revenues	<u>72,051,970</u>	<u>4,627,643</u>	<u>11,407,474</u>	<u>88,087,087</u>
Expenditures:				
Current:				
Instruction:				
Regular	33,469,647	-	445,236	33,914,883
Special	10,966,357	-	3,559,800	14,526,157
Vocational	208,428	-	-	208,428
Other	166,388	-	-	166,388
Support services:				
Pupil	4,019,308	-	286,517	4,305,825
Instructional staff	2,089,236	-	1,301,639	3,390,875
Board of education	149,365	-	-	149,365
Administration	3,764,664	-	268,897	4,033,561
Fiscal	1,275,607	71,316	31,550	1,378,473
Business	600,326	-	-	600,326
Operations and maintenance	6,087,816	-	353,966	6,441,782
Pupil transportation	3,261,998	-	292,823	3,554,821
Central	528,126	-	-	528,126
Operation of non-instructional services:				
Food service operations	-	-	2,689,528	2,689,528
Other non-instructional services	67,319	-	2,586,704	2,654,023
Extracurricular activities	847,859	-	211,214	1,059,073
Facilities acquisition and construction	-	-	1,360,303	1,360,303
Debt service:				
Principal retirement	46,878	2,950,000	-	2,996,878
Interest and fiscal charges	9,617	1,787,044	39,998	1,836,659
Total expenditures	<u>67,558,939</u>	<u>4,808,360</u>	<u>13,428,175</u>	<u>85,795,474</u>
Excess of revenues over (under) expenditures	4,493,031	(180,717)	(2,020,701)	2,291,613
Other financing sources (uses):				
Transfers in	-	-	155,163	155,163
Transfers (out)	-	-	(155,163)	(155,163)
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	4,493,031	(180,717)	(2,020,701)	2,291,613
Fund balances at beginning of year	23,476,385	2,224,901	8,380,328	34,081,614
Increase in reserve for inventory	-	-	842	842
Fund balances at end of year	<u>\$ 27,969,416</u>	<u>\$ 2,044,184</u>	<u>\$ 6,360,469</u>	<u>\$ 36,374,069</u>

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, 2017

Net change in fund balances - total governmental funds	\$	2,291,613
<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	\$ 1,273,040	
Current year depreciation	(3,808,132)	
Total		(2,535,092)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		
		842
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	(735,589)	
Income tax revenue	(4,352)	
Earnings on investments	4,018	
Other revenue	41,474	
Intergovernmental	(99,730)	
Total		(794,179)
Repayment of bond and capital lease principal is an expenditure in the funds, but the repayment reduces liabilities on the statement of net position. Principal payments during the year were:		
Bonds	2,950,000	
Capital leases	46,878	
Total		2,996,878
In the statement of activities, interest is accrued on outstanding bonds, whereas in the 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	280	
Accreted interest on capital appreciation bonds	(219,515)	
Amortization of bond premiums	347,230	
Amortization of deferred charges on debt refundings	(191,885)	
Total		(63,890)
Contractually required pension contributions are reported as expenditures in funds; however, the statement of activities reports these amounts as deferred outflows.		
		5,459,895
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(8,717,978)
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 the funds.		
		(57,573)
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.		
		699,998
Change in net position of governmental activities	\$	(719,486)

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, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 18,869,012	\$ 18,869,012	\$ 19,706,571	\$ 837,559
Income taxes	8,515,600	8,515,600	8,887,780	372,180
Payment in lieu of taxes	304,679	304,679	305,118	439
Tuition	765,740	765,740	799,207	33,467
Transportation fees	23,522	23,522	24,550	1,028
Earnings on investments	240,643	240,643	251,160	10,517
Classroom materials and fees	115,635	115,635	120,689	5,054
Rental income	105,154	105,154	109,750	4,596
Contributions and donations	45,126	45,126	47,098	1,972
Contract services	149,228	149,228	155,750	6,522
Other local revenues	287,241	287,241	299,795	12,554
Intergovernmental - state	38,975,299	38,975,299	40,678,740	1,703,441
Total revenues	<u>68,396,879</u>	<u>68,396,879</u>	<u>71,386,208</u>	<u>2,989,329</u>
Expenditures:				
Current:				
Instruction:				
Regular	34,590,916	34,432,796	33,713,691	719,105
Special	10,560,306	11,131,868	10,899,392	232,476
Vocational	213,205	214,811	210,325	4,486
Other	250,061	180,473	176,704	3,769
Support services:				
Pupil	4,198,974	4,261,913	4,172,908	89,005
Instructional staff	2,214,118	2,154,644	2,109,647	44,997
Board of education	351,125	287,616	281,609	6,007
Administration	3,976,044	3,854,460	3,773,964	80,496
Fiscal	1,446,710	1,307,433	1,280,129	27,304
Business	549,605	627,548	614,442	13,106
Operations and maintenance	7,146,837	6,856,913	6,713,715	143,198
Pupil transportation	3,352,793	3,378,594	3,308,036	70,558
Central	640,253	588,315	576,029	12,286
Operation of non-instructional services:				
Other non-instructional services	1,587	883	865	18
Extracurricular activities	810,739	858,904	840,967	17,937
Debt service:				
Principal	47,544	47,862	46,878	984
Interest and fiscal charges	9,754	9,819	9,617	202
Total expenditures	<u>70,360,571</u>	<u>70,194,852</u>	<u>68,728,918</u>	<u>1,465,934</u>
Excess of revenues over (under) expenditures	<u>(1,963,692)</u>	<u>(1,797,973)</u>	<u>2,657,290</u>	<u>4,455,263</u>
Other financing sources (uses):				
Refund of prior year's expenditures	104,177	104,177	108,730	4,553
Refund of prior year's receipts	(8,149)	(8,515)	(8,337)	178
Transfers in	169,563	169,563	176,974	7,411
Transfers (out)	(403,160)	(180,749)	(176,974)	3,775
Advances in	76,213	76,213	79,544	3,331
Advances (out)	(109,156)	(523,723)	(512,786)	10,937
Sale of capital assets	27,406	27,406	28,604	1,198
Total other financing sources (uses)	<u>(143,106)</u>	<u>(335,628)</u>	<u>(304,245)</u>	<u>31,383</u>
Net change in fund balance	(2,106,798)	(2,133,601)	2,353,045	4,486,646
Fund balance at beginning of year	24,007,127	24,007,127	24,007,127	-
Prior year encumbrances appropriated	952,057	952,057	952,057	-
Fund balance at end of year	<u>\$ 22,852,386</u>	<u>\$ 22,825,583</u>	<u>\$ 27,312,229</u>	<u>\$ 4,486,646</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
PROPRIETARY FUND

JUNE 30, 2017

	<u>Governmental Activities - Internal Service Fund</u>
Current assets:	
Equity in pooled cash and cash equivalents	\$ 3,822,618
Total assets	<u>3,822,618</u>
Current liabilities:	
Accounts payable	2,222
Claims payable	529,000
Unearned revenue	<u>906,689</u>
Total liabilities	<u>1,437,911</u>
Net position:	
Unrestricted	<u>2,384,707</u>
Total net position	<u>\$ 2,384,707</u>

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, 2017

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services.	\$ 10,613,831
Other	7,045
Total operating revenues	10,620,876
Operating expenses:	
Purchased services.	1,323,875
Claims	8,597,003
Total operating expenses.	9,920,878
Operating income / change in net position . . .	699,998
Net position at beginning of year.	1,684,709
Net position at end of year	\$ 2,384,707

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, 2017

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from charges for services	\$ 10,656,764
Cash received from other operations	7,045
Cash payments for purchased services	(1,321,653)
Cash payments for claims	(8,684,003)
	658,153
Net cash provided by operating activities	658,153
Net increase in cash and cash equivalents	658,153
Cash and cash equivalents at beginning of year	3,164,465
Cash and cash equivalents at end of year	\$ 3,822,618
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 699,998
Changes in assets and liabilities:	
Increase in accounts payable	2,222
Increase in unearned revenue	42,933
(Decrease) in claims payable	(87,000)
	658,153
Net cash provided by operating activities	\$ 658,153

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NEWARK CITY SCHOOL DISTRICT
LICKING COUNTY, OHIO
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2017

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents . . .	\$ 37,012	\$ 57,027
Total assets.	37,012	\$ 57,027
Liabilities:		
Accounts payable.	-	\$ 2,648
Due to students.	-	54,379
Total liabilities	-	\$ 57,027
Net position:		
Held in trust for scholarships	37,012	
Total net position.	\$ 37,012	

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, 2017

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 188
Gifts and contributions	500
Total additions	688
 Deductions:	
Scholarships awarded	2,750
Change in net position	(2,062)
Net position at beginning of year	39,074
Net position at end of year	\$ 37,012

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, 2017**

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, 11 instructional facilities, and one transportation/maintenance/warehouse building compound all staffed by 366 non-certified employees, 514 certified employees to provide services to approximately 6,127 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, 2017**

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 1350 Granville Road, 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 21 and 22, 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 \$336,294 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, 2017**

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, 2017

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, 2017**

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 deferred outflows of resources and all liabilities and deferred inflows of resources 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, 2017

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, see Note 15 for deferred outflows of resources related the District's net pension liability. In addition, deferred outflows of resources include deferred charges 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, 2017**

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, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 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.

For the District, see Note 15 for deferred inflows of resources related to the District's net pension liability. These deferred inflows 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, 2017**

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 2017.

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 2017, 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, 2017**

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 2017 amounted to \$258,615 which includes \$74,034 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, inventories of supplies are reported at cost, inventories held for resale are reported 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/expended 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 acquisition 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, 2017

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 and the net pension liability 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, 2017

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, 2017**

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, 2017**

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 2017.

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, 2017, 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, 2017**

NOTE 3 - ACCOUNTING PRINCIPLES AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2017, the District has implemented GASB Statement No. 77, “*Tax Abatement Disclosures*”, GASB Statement No. 78, “*Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*”, GASB Statement No. 80, “*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*” and GASB Statement No. 82, “*Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*”.

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government’s tax revenues. These disclosures were incorporated in the District’s fiscal year 2017 financial statements (see Note 20); however, there was no effect on beginning net position/fund balance.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the District.

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the District.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the District.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 - ACCOUNTING PRINCIPLES AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2017 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Miscellaneous State Grants	\$ 1,941
Title VI-B	46,294
Title I	134,303
EHA Preschool Grant	1,949
Reducing Class Size	16,864
Miscellaneous Federal Grants	<u>3,586</u>
Total	<u>\$ 204,937</u>

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities. The nonspendable fund balance in these funds represents the difference between these deficit balances and unassigned fund balance.

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, 2017**

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 fourty 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, 2017, the carrying amount of all District deposits was \$41,511,479 (including \$10,035,540 in nonnegotiable certificates of deposit). Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2017, \$385,000 of the District's bank balance of \$41,593,432 was exposed to custodial risk as discussed below, while \$41,208,432 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, 2017

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, 2017.

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, 2017:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 41,511,479
Cash on hand	2,945
Total	\$ 41,514,424
 <u>Cash and cash equivalents per statement of net position</u>	
Governmental activities	\$ 41,420,385
Private-purpose trust funds	37,012
Agency fund	57,027
Total	\$ 41,514,424

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund loans receivable/payable consisted of the following at June 30, 2017, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ <u>512,786</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

- B. Interfund transfers for the fiscal year ended June 30, 2017, consisted of the following, as reported on the fund statements:

<u>Transfers from nonmajor governmental funds to:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ <u>155,163</u>

Interfund transfers represent the close out of the OSFC project. Upon close out, the District was required to transfer \$77,510 from the classroom facilities fund (a nonmajor governmental fund) to the building fund (a nonmajor governmental fund) and transfer \$77,653 from the classroom facilities fund (a nonmajor governmental fund) to the classroom facilities maintenance fund (a nonmajor governmental fund). These transfers effectively close the classroom facilities fund.

Interfund transfers between governmental funds are eliminated for reporting on the statement of activities. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

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 2017 represent the collection of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed values as of January 1, 2016, 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 2017 represent the collection of calendar year 2016 taxes. Public utility real and personal property taxes received in calendar year 2017 became a lien on December 31, 2015, were levied after April 1, 2016, 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 6 - PROPERTY TAXES - (Continued)

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, 2017, are available to finance fiscal year 2017 operations. The amount available as an advance at June 30, 2017 was \$1,454,600 in the general fund, \$276,630 in the debt service fund and \$101,100 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2016 was \$1,446,540 in the general fund, \$333,480 in the debt service fund and \$101,660 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, 2017 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.

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 2017 taxes were collected are:

	2016 Second Half Collections		2017 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 735,178,590	95.50	\$ 740,257,563	95.60
Public utility personal	<u>34,608,820</u>	<u>4.50</u>	<u>33,848,440</u>	<u>4.40</u>
Total	<u>\$ 769,787,410</u>	<u>100.00</u>	<u>\$ 774,106,003</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 44.63		\$ 43.50	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2017 consisted of property taxes, income taxes, payments in lieu of 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7 – RECEIVABLES - (Continued)

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

Governmental activities:	
Property taxes	\$ 26,348,212
School district income tax	4,038,116
Payment in lieu of taxes	27,612
Accounts	29,938
Accrued interest	15,857
Intergovernmental	<u>2,179,069</u>
Total	<u>\$ 32,638,804</u>

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

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 in 2011 for another five year period and was renewed again for an additional five years beginning in January 2018. The current income tax levy will not expire until December 31, 2022. 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 \$8,874,724 on the governmental fund financial statements during fiscal year 2017.

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	\$ 636,627
Other governmental	<u>982,273</u>
Total	<u>\$ 1,618,900</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 10 - CAPITAL ASSETS

The change in governmental activities capital assets for fiscal year 2017 is as follows:

	Balance <u>June 30, 2016</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2017</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,970,712	\$ -	\$ -	\$ 1,970,712
Construction-in-progress	<u>1,426,964</u>	<u>854,353</u>	<u>-</u>	<u>2,281,317</u>
Non-depreciable capital assets	<u>3,397,676</u>	<u>854,353</u>	<u>-</u>	<u>4,252,029</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,102,368	42,964	-	1,145,332
Building/improvements	160,302,008	-	-	160,302,008
Furniture/equipment	3,956,226	82,007	-	4,038,233
Vehicles	<u>5,053,884</u>	<u>293,716</u>	<u>-</u>	<u>5,347,600</u>
Depreciable capital assets	<u>170,414,486</u>	<u>418,687</u>	<u>-</u>	<u>170,833,173</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(408,140)	(47,985)	-	(456,125)
Building/improvements	(24,645,056)	(3,297,955)	-	(27,943,011)
Furniture/equipment	(3,023,734)	(180,197)	-	(3,203,931)
Vehicles	<u>(3,548,027)</u>	<u>(281,995)</u>	<u>-</u>	<u>(3,830,022)</u>
Total accumulated depreciation	<u>(31,624,957)</u>	<u>(3,808,132)</u>	<u>-</u>	<u>(35,433,089)</u>
Governmental activities capital assets, net	<u>\$ 142,187,205</u>	<u>\$ (2,535,092)</u>	<u>\$ -</u>	<u>\$139,652,113</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 2,575,976
Special	2,000
Vocational	147,364
<u>Support services:</u>	
Pupil	91,365
Instructional staff	147,531
Administration	60,085
Business	1,279
Operations and maintenance	183,233
Pupil transportation	246,878
Central	761
<u>Operation of non-instructional services:</u>	
Food service operations	209,015
Extracurricular activities	<u>142,645</u>
Total depreciation expense	<u>\$ 3,808,132</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 11 - LONG-TERM OBLIGATIONS

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

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
Governmental activities:					
<u>General Obligation Bonds:</u>					
Refunding bonds - Series 2012					
Current interest bonds	\$ 8,545,000	\$ -	\$ -	\$ 8,545,000	\$ -
Unamortized premium	971,860	-	(115,469)	856,391	-
Refunding bonds - Series 2013					
Current interest bonds	8,600,000	-	(125,000)	8,475,000	1,020,000
Unamortized premium	692,807	-	(60,684)	632,123	-
Capital appreciation bonds	281,839	-	-	281,839	213,977
Accreted interest	272,714	178,640	-	451,354	426,023
Refunding bonds - Series 2014					
Current interest bonds	8,725,000	-	(65,000)	8,660,000	65,000
Unamortized premium	866,392	-	(49,745)	816,647	-
Capital appreciation bonds	24,788	-	-	24,788	-
Accreted interest	43,455	40,875	-	84,330	-
Refunding bonds - Series 2016					
Current interest bonds	26,935,000	-	(2,760,000)	24,175,000	1,055,000
Unamortized premium	1,991,853	-	(121,332)	1,870,521	-
Total general obligation bonds payable	<u>57,950,708</u>	<u>219,515</u>	<u>(3,297,230)</u>	<u>54,872,993</u>	<u>2,780,000</u>

(Continued)

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
Governmental activities (continued)					
<u>Other Long-Term Obligations:</u>					
Capital lease obligations	\$ 252,575	\$ -	\$ (46,878)	\$ 205,697	\$ 48,386
Notes payable	1,500,000	-	-	1,500,000	150,000
Net pension liability:					
STRS	72,216,097	16,837,726	-	89,053,823	-
SERS	16,297,532	4,905,403	-	21,202,935	-
Total net pension liability	<u>88,513,629</u>	<u>21,743,129</u>	<u>-</u>	<u>110,256,758</u>	<u>-</u>
Compensated absences	<u>2,982,315</u>	<u>560,165</u>	<u>(498,806)</u>	<u>3,043,674</u>	<u>312,079</u>
Total other long-term obligations	<u>93,248,519</u>	<u>22,303,294</u>	<u>(545,684)</u>	<u>115,006,129</u>	<u>510,465</u>
Total long-term obligations	<u>\$ 151,199,227</u>	<u>\$ 22,522,809</u>	<u>\$ (3,842,914)</u>	<u>\$ 169,879,122</u>	<u>\$ 3,290,465</u>

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, 2017, is \$8,740,000.

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, 2017, is \$9,155,000.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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 30.0 percent) and on December 1, 2019 (effective interest rate 30.0 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, 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 \$451,354 has been included in the statement of net position at June 30, 2017.

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, 2017, is \$9,010,000.

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 \$84,330 has been included in the statement of net position at June 30, 2017.

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.

Series 2016 Refunding General Obligation Bonds

On March 15, 2016, the District issued general obligation bonds (Series 2016 Refunding Bonds) to advance refund the callable portion of the Series 2006 library refunding bonds (\$3,170,000), the Series 2005 school improvement bonds (\$21,630,000), and the Series 2005A school improvement bonds (\$3,390,000). 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, 2017, is \$25,720,000.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The refunding issue is comprised of current interest bonds, par value \$8,985,000. The interest rates on the current interest bonds range from 1.5 to 4.0 percent. 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, 2032.

The net carrying amount of the old debt (including unamortized premiums and deferred charges) exceeded the reacquisition price by \$57,147. 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 a component of deferred outflow on the statement of net position.

Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2017, which will be paid from the debt service fund, are as follows:

Fiscal Year Ended	Refunding Bonds Current Interest			Refunding Bonds Capital Appreciation		
	Principal	Interest	Total	Principal	Interest	Total
	2018	\$ 2,140,000	\$ 1,708,543	\$ 3,848,543	\$ 213,977	\$ 426,023
2019	2,830,000	1,665,756	4,495,756	-	-	-
2020	2,495,000	1,610,282	4,105,282	67,862	287,138	355,000
2021	2,865,000	1,531,738	4,396,738	3,079	66,921	70,000
2022	2,270,000	1,437,685	3,707,685	21,709	768,291	790,000
2023 - 2027	14,865,000	5,780,995	20,645,995	-	-	-
2028 - 2032	17,280,000	2,805,400	20,085,400	-	-	-
2033 - 2034	5,110,000	151,200	5,261,200	-	-	-
Total	<u>\$49,855,000</u>	<u>\$16,691,599</u>	<u>\$66,546,599</u>	<u>\$ 306,627</u>	<u>\$ 1,548,373</u>	<u>\$ 1,855,000</u>

Capital Lease Obligations

See Note 12 for information on the District's capital lease obligations.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Notes Payable

On January 22, 2016, the District issued \$1,500,000 in general obligation tax anticipation notes to provide for the renovations and improvements at White Field. The tax anticipation notes are capital related and long-term in nature and therefore are reported as a long-term obligation of the governmental activities. The notes bear an interest rate of 2.63% and mature on December 1, 2026. Interest payments are due June 1 and December 1 of each year. The following is a schedule of the future debt service requirement on the note obligation, in which payments will be made from the permanent improvement fund:

<u>Fiscal Year Ended</u>	<u>Tax Anticipation Note Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 150,000	\$ 37,477	\$ 187,477
2019	150,000	33,533	183,533
2020	150,000	29,587	179,587
2021	150,000	25,643	175,643
2022	150,000	21,698	171,698
2023 - 2027	<u>750,000</u>	<u>49,312</u>	<u>799,312</u>
Total	<u>\$ 1,500,000</u>	<u>\$ 197,250</u>	<u>\$ 1,697,250</u>

Net Pension Liability

See Note 15 for information on the District's net pension liability. The District pays obligations related to employee compensation from the fund benefitting from their service.

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.

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, 2017, are a voted debt margin of \$21,552,097 (including available funds of \$2,044,184) and an unvoted debt margin of \$774,106.

NOTE 12 - CAPITAL LEASES - LESSEE DISCLOSURE

During fiscal years 2016 and 2012, the District entered into capital lease agreements for copiers. 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. Capital assets acquired by lease have been capitalized in the amount of \$252,284, which represents the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2017 was \$50,457 leaving a current book value of \$201,827.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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 2017 fiscal year totaled \$46,878. 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. 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, 2017:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2018	\$ 56,200
2019	56,200
2020	56,200
2021	<u>56,200</u>
	224,800
Less: amount representing interest	<u>(19,103)</u>
Present value of minimum lease payments	<u><u>\$ 205,697</u></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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 2017, the District maintained comprehensive insurance coverage for liability, real property, building contents and vehicles. The District obtains insurance coverage through Wright Specialty Insurance (Andrew Insurance Agency). Vehicle policies include liability coverage for bodily injury and property damage.

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

Building and contents - replacement cost	\$ 141,629,075
Equipment breakdown	141,629,075
General Liability:	
Per occurrence	1,000,000
Annual aggregate	2,000,000
Data compromise coverage	100,000
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). The claims liability of \$529,000 reported in the basic financial statements at June 30, 2017, 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 14 - RISK MANAGEMENT - (Continued)

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>
2017	\$ 616,000	\$ 8,597,003	\$ (8,684,003)	\$ 529,000
2016	\$ 485,000	\$ 8,958,722	\$ (8,827,722)	\$ 616,000

C. Workers' Compensation Rating Program

For fiscal year 2017, 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.

The 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2017, the entire 14 percent was allocated to pension, death benefits, and Medicare B and no portion of the employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$1,263,603 for fiscal year 2017. Of this amount, \$100,278 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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 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 2017 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$4,196,292 for fiscal year 2017. Of this amount, \$684,972 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, 2016, 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:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.28561610%	0.26130152%	
Proportion of the net pension liability current measurement date	0.28969410%	0.26604662%	
Change in proportionate share	0.00407800%	0.00474510%	
Proportionate share of the net pension liability	\$ 21,202,935	\$ 89,053,823	\$ 110,256,758
Pension expense	\$ 2,266,678	\$ 6,451,300	\$ 8,717,978

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ 285,978	\$ 3,598,201	\$ 3,884,179
Net difference between projected and actual earnings on pension plan investments	1,748,935	7,393,862	9,142,797
Changes of assumptions	1,415,412	-	1,415,412
Difference between District contributions and proportionate share of contributions/ change in proportionate share	120,304	1,042,345	1,162,649
District contributions subsequent to the measurement date	1,263,603	4,196,292	5,459,895
Total deferred outflows of resources	\$ 4,834,232	\$ 16,230,700	\$ 21,064,932
Deferred inflows of resources			
Difference between District contributions and proportionate share of contributions/ change in proportionate share	\$ -	\$ 618,218	\$ 618,218

\$5,459,895 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2018	\$ 914,426	\$ 1,794,888	\$ 2,709,314
2019	913,166	1,794,889	2,708,055
2020	1,240,291	4,632,120	5,872,411
2021	502,746	3,194,293	3,697,039
Total	\$ 3,570,629	\$ 11,416,190	\$ 14,986,819

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (level percent of payroll)

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120% of male rates and 110% of female rates used. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years is used for the period after disability retirement. Special mortality tables are used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an experience study that was completed June 30, 2015. As a result of the actuarial experience study, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 average 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.

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 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	<u>10.00</u>	3.00
Total	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50 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 (7.50 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 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 28,071,365	\$ 21,202,935	\$ 15,453,774

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016, 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, 2016, 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	1.00	3.00
 Total	 <u>100.00 %</u>	 <u>7.61 %</u>

* 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.50% and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. 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, 2016. 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, 2016.

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	\$ 118,345,295	\$ 89,053,823	\$ 64,344,740

Changes Between Measurement Date and Report Date - In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to District's NPL is expected to be significant.

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 under Employers/Audit Resources.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 16 - POSTEMPLOYMENT BENEFITS - (Continued)

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, 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 2017, none of the employer contribution 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 2017, this amount was \$23,500. 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 2017, the District's surcharge obligation was \$150,926.

The District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$150,926, \$146,238, and \$213,230, respectively. The fiscal year 2017 amount has been reported as pension obligation payable. The full amount has been contributed for fiscal years 2016 and 2015.

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 or by calling (888) 227-7877.

Funding Policy - Ohio law 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 Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2017, STRS Ohio did not allocate any employer contributions to the Health Care Stabilization Fund. None of the District's contributions were allocated to fund health care for the fiscal years ended June 30, 2017, 2016 and 2015.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2017 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2017 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

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, 2016	\$ -
Current year set-aside requirement	1,072,308
Current year offsets	<u>(1,072,308)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2018	<u>\$ -</u>
Set-aside balance June 30, 2017	<u>\$ -</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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);
- (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	\$ 2,353,045
Net adjustment for revenue accruals	557,043
Net adjustment for expenditure accruals	281,161
Net adjustment for other sources/uses	304,245
Funds budgeted elsewhere	47,458
Adjustment for encumbrances	950,079
GAAP basis	\$ 4,493,031

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 20 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

The City of Newark has entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area (“CRA”) program within taxing districts of the District. The CRA program is a direct incentive tax exemption program benefiting property owners who renovate existing buildings or construct new buildings. Under this program, the City of Newark has designated areas to encourage revitalization of the existing structures and the development of new structures.

The District has incurred a reduction in property tax receipts due to agreements entered into by the City of Newark. During fiscal year 2017, the District’s property tax receipts were reduced under agreements entered into by the City of Newark as follows:

Government Entering Into Agreement	<u>Tax Abatement Program</u> CRA
City of Newark	\$ 342,362

The District is not receiving any amounts from the City of Newark in association with the forgone property tax receipts.

NOTE 21 - 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.

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, which was subsequently extended through fiscal year 2019. 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 2017, the NDA paid sponsorship fees and operating expenses of \$135,390 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 contract with Ace Digital Academy (ADA) for the provision of on-line curriculum.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)

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.

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.

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.

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. The NDA has reported deferred outflows related to the NDA's net pension liability.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 21 - NEWARK DIGITAL 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. The NDA has reported deferred inflows 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, 2017.

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 acquisition 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, 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.

Intergovernmental Revenue - The NDA currently participates in the State Foundation Program, the Data Communication grant, IDEA Part B 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 2017 school year, excluding all other State and Federal grants, totaled \$2,182,919.

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 2017 received was \$291,929.

Prepaid Items - Payments made to vendors for services that will benefit periods beyond June 30, 2017 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)

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.

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, 2017, two employees met this criteria to record a liability for sick leave. A liability for unused vacation at June 30, 2017 has been reported on the financial statements.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2017, 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 2017, NDA has implemented GASB Statement No. 77, "*Tax Abatement Disclosures*", GASB Statement No. 78, "*Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*", GASB Statement No. 80, "*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*" and GASB Statement No. 82, "*Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*".

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of the NDA.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the NDA.

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the NDA.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the NDA.

DEPOSITS

At June 30, 2017, the carrying amount of NDA deposits was \$3,489,941. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2017, the entire bank balance of \$3,489,941 was covered by the Federal Deposit Insurance Corporation.

PURCHASED SERVICES

For fiscal year ended June 30, 2017, purchased services expenses were as follows:

Professional and technical services	\$ 200,602
Property services	28,336
Travel mileage/meeting expenses	43,166
Communications	128,615
Utilities	14,945
Tuition and similar payments	12,174
Other purchased services	<u>238,954</u>
Total	<u>\$ 666,792</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)

CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Balance</u> <u>06/30/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/17</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 6,630	\$ -	\$ -	\$ 6,630
Total capital assets, not being depreciated	<u>6,630</u>	<u>-</u>	<u>-</u>	<u>6,630</u>
<i>Capital assets, being depreciated:</i>				
Building	1,676,099	8,000	-	1,684,099
Furniture and equipment	<u>67,393</u>	<u>1,125</u>	<u>-</u>	<u>68,518</u>
Total capital assets, being depreciated	<u>1,743,492</u>	<u>9,125</u>	<u>-</u>	<u>1,752,617</u>
<i>Less: accumulated depreciation</i>				
Building	(150,004)	(74,806)	-	(224,810)
Furniture and equipment	<u>(42,396)</u>	<u>(5,542)</u>	<u>-</u>	<u>(47,938)</u>
Total accumulated depreciation	<u>(192,400)</u>	<u>(80,348)</u>	<u>-</u>	<u>(272,748)</u>
Capital assets, net	<u>\$ 1,557,722</u>	<u>\$ (71,223)</u>	<u>\$ -</u>	<u>\$ 1,486,499</u>

SERVICE AGREEMENT

ACE Digital Academy – During fiscal year 2017, NDA is in the second year of a three-year contract with Ace Digital Academy (ADA) for the provision of on-line curriculum. The contract with ADA runs through fiscal year 2018.

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.

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 2017, \$299,530 was paid by NDA under this contract.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)

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, 2017, 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 and a \$1,000,000 multi-media liability, network security, data recovery and business interruption, privacy regulatory defense and penalties, crisis management and customer notification, data extortion, and payment card industry fines and penalties policy through Lloyds of London.

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, 2017, 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 - School foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end.

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review on the NDA for fiscal year 2017.

As of the date of this report, additional ODE adjustments for fiscal year 2017 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2017 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the NDA.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)

In addition, the NDA's contract with their Sponsor requires payment based on revenues received from the State. As discussed above, additional FTE adjustments for fiscal year 2017 are not finalized. Until such adjustments are finalized by ODE, the impact on the fiscal year 2017 financial statements, related to additional reconciliation necessary with these contracts, is not determinable. Management believes this may result in either an additional receivable to, or liability of, the NDA.

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) - Plan Description –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 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, 2017, the entire 14 percent was allocated to pension, death benefits, and Medicare B and no portion of the employer contribution rate was allocated to the Health Care Fund.

The NDA's contractually required contribution to SERS was \$31,091 for fiscal year 2017. Of this amount, \$2,381 is reported as intergovernmental payable.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)

Plan Description - State Teachers Retirement System (STRS) - Plan Description –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.

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, 2017, plan members were required to contribute 13 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 2017 contribution rates were equal to the statutory maximum rates.

The NDA’s contractually required contribution to STRS was \$140,570 for fiscal year 2017. Of this amount, \$9,806 is reported as intergovernmental 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, 2016, 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>
Proportion of the net pension liability prior measurement date	0.00556480%	0.00664932%	
Proportion of the net pension liability current measurement date	<u>0.00586150%</u>	<u>0.00885582%</u>	
Change in proportionate share	<u>0.00029670%</u>	<u>0.00220650%</u>	
Proportionate share of the net pension liability	\$ 429,008	\$ 2,964,310	\$ 3,393,318
Pension expense	\$ 75,429	\$ 399,515	\$ 474,944

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)

At June 30, 2017, the NDA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ 5,784	\$ 119,774	\$ 125,558
Net difference between projected and actual earnings on pension plan investments	35,388	246,115	281,503
Changes of assumptions	28,639	-	28,639
Difference between NDA contributions and proportionate share of contributions/ change in proportionate share	49,999	610,040	660,039
NDA contributions subsequent to the measurement date	31,091	140,570	171,661
Total deferred outflows of resources	\$ 150,901	\$ 1,116,499	\$ 1,267,400

\$171,661 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, 2018.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2018	\$ 39,769	\$ 219,725	\$ 259,494
2019	39,743	219,725	259,468
2020	30,124	314,165	344,289
2021	10,174	222,314	232,488
Total	\$ 119,810	\$ 975,929	\$ 1,095,739

RECEIVABLES

Receivables at June 30, 2017 consisted of intergovernmental grants and sponsor fee overpayment as a result of FTE adjustments in the amount of \$118,465. These intergovernmental 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, 2017

NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)

LONG-TERM OBLIGATIONS

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

	Balance <u>June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2017</u>	Amounts Due in <u>One Year</u>
Net pension liability:					
STRS	\$ 1,837,678	\$ 1,126,632	\$ -	\$ 2,964,310	\$ -
SERS	<u>317,533</u>	<u>111,475</u>	<u>-</u>	<u>429,008</u>	<u>-</u>
Total net pension liability	<u>2,155,211</u>	<u>1,238,107</u>	<u>-</u>	<u>3,393,318</u>	<u>-</u>
Intergovernmental payable	-	549,157	-	549,157	249,617
Compensated absences:					
Severance liability	<u>5,076</u>	<u>832</u>	<u>-</u>	<u>5,908</u>	<u>-</u>
Total long-term liabilities	<u>\$ 2,160,287</u>	<u>\$ 1,788,096</u>	<u>\$ -</u>	<u>\$ 3,948,383</u>	<u>\$ 249,617</u>

Intergovernmental Payable: Represents the amounts due to the State of Ohio based upon the results of fiscal year 2017 full-time equivalency (FTE) true-ups calculated by ODE. This amount will be fully repaid in fiscal year 2019 through monthly foundation adjustment.

NOTE 22 - 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 3rd 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.

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, 2018. 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 2017, the Academy paid \$31,956 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)

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 6 non-certified staff members and 18 certified staff members who provide services to 148 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 Academy'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.

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 nonoperating.

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 related to the Academy's net pension liability.

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 related to the Academy's net pension liability

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)

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 "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. The Academy had no capital related debt at June 30, 2017. 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 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 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 2017 school year excluding federal and State grants totaled \$1,117,472.

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 2017 received was \$216,256.

In addition, the Academy received \$4,136 in local donations during fiscal year 2017.

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, 2017

NOTE 22 - 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 acquisition values 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>
Leasehold improvements	9 years
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

For fiscal year 2017, the Academy has implemented GASB Statement No. 77, "*Tax Abatement Disclosures*", GASB Statement No. 78, "*Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*", GASB Statement No. 80, "*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*" and GASB Statement No. 82, "*Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*".

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of the Academy.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the Academy.

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the Academy.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the Academy.

DEPOSITS

At June 30, 2017, the carrying amount of all Academy deposits was \$56,648. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2017, the entire bank balance of \$58,046 was covered by the Federal Deposit Insurance Corporation (FDIC).

RECEIVABLES

Receivables at June 30, 2017 consisted of intergovernmental grants and entitlements in the amount of \$77,177 and accounts receivable in the amount of \$20. These 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, 2017

NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)

PURCHASED SERVICES

For fiscal year ended June 30, 2017, purchased services expenses were as follows:

Professional services	\$ 200,235
Property rental and services	152,002
Travel, mileage and meetings	5,521
Communications	78,636
Utilities	15,068
Contracted craft or trade services	14,846
Other purchased services	<u>28,046</u>
Total purchased services	<u>\$ 494,354</u>

LONG-TERM OBLIGATIONS

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

	Balance			Balance	Amounts
	<u>June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2017</u>	<u>Due in</u>
					<u>One Year</u>
Net pension liability:					
STRS	\$ 1,368,862	\$ 408,913	\$ -	\$ 1,777,775	\$ -
SERS	<u>254,007</u>	<u>94,937</u>	<u>-</u>	<u>348,944</u>	<u>-</u>
Total net pension liability	<u>\$ 1,622,869</u>	<u>\$ 503,850</u>	<u>\$ -</u>	<u>\$ 2,126,719</u>	<u>\$ -</u>

COMPENSATED ABSENCES

Employees accumulate sick leave at a rate of 15 days per year. Unused sick leave may accumulate up to 120 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 \$15,348 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.

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, 2017

NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)

CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Additions	Disposals	Balance June 30, 2017
<i>Capital assets, not being depreciated:</i>				
Land	\$ 10,000	\$ -	\$ (10,000)	\$ -
Non-depreciable capital assets	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>
<i>Capital assets, being depreciated:</i>				
Leasehold improvements	-	234,369	-	234,369
Buildings	142,000	-	(142,000)	-
Equipment	<u>150,898</u>	<u>9,853</u>	<u>-</u>	<u>160,751</u>
Depreciable capital assets	<u>292,898</u>	<u>244,222</u>	<u>(142,000)</u>	<u>395,120</u>
<i>Less: accumulated depreciation:</i>				
Leasehold improvements	-	(26,041)		(26,041)
Buildings	(22,876)	(4,733)	27,609	-
Equipment	<u>(113,618)</u>	<u>(9,682)</u>	<u>-</u>	<u>(123,300)</u>
Total accumulated depreciation	<u>(136,494)</u>	<u>(40,456)</u>	<u>27,609</u>	<u>(149,341)</u>
Governmental activities capital assets, net	<u>\$ 166,404</u>	<u>\$ 203,766</u>	<u>\$ (124,391)</u>	<u>\$ 245,779</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) - Plan Description –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 under Employers/Audit Resources.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 22 - 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, 2017, the entire 14 percent was allocated to pension, death benefits, and Medicare B and no portion of the employer contribution rate was allocated to the Health Care Fund.

The Academy’s contractually required contribution to SERS was \$33,871 for fiscal year 2017. Of this amount, \$225 is reported as pension obligation payable.

Plan Description - State Teachers Retirement System (STRS) - Plan Description –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.

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. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 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 2017 contribution rates were equal to the statutory maximum rates.

The Academy’s contractually required contribution to STRS was \$88,221 for fiscal year 2017. Of this amount, \$10,052 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, 2016, 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>
Proportion of the net pension liability prior measurement date	0.00445150%	0.00495299%	
Proportion of the net pension liability current measurement date	<u>0.00476760%</u>	<u>0.00531107%</u>	
Change in proportionate share	<u>0.00031610%</u>	<u>0.00035808%</u>	
Proportionate share of the net pension liability	\$ 348,944	\$ 1,777,775	\$ 2,126,719
Pension expense	\$ 32,758	\$ 202,490	\$ 235,248

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)

At June 30, 2017, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ 4,705	\$ 71,830	\$ 76,535
Net difference between projected and actual earnings on pension plan investments	28,782	147,605	176,387
Changes of assumptions	23,294	-	23,294
Difference between Academy contributions and proportionate share of contributions/ change in proportionate share	14,126	183,946	198,072
Academy contributions subsequent to the measurement date	33,871	88,221	122,092
Total deferred outflows of resources	\$ 104,778	\$ 491,602	\$ 596,380
Deferred inflows of resources			
Difference between Academy contributions and proportionate share of contributions/ change in proportionate share	\$ 12,490	\$ -	\$ 12,490

\$122,092 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2018	\$ 13,540	\$ 88,953	\$ 102,493
2019	13,517	88,955	102,472
2020	23,085	145,593	168,678
2021	8,275	79,880	88,155
Total	\$ 58,417	\$ 403,381	\$ 461,798

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)

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 are 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, 2017, if applicable, cannot be determined at this time.

State Foundation Funding - School foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end.

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE did not perform such a review on the School for fiscal year 2017.

As of the date of this report, additional ODE adjustments for fiscal year 2017 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2017 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School.

In addition, the School's contract with their Sponsor requires payment based on revenues received from the State. As discussed above, additional FTE adjustments for fiscal year 2017 are not finalized. Until such adjustments are finalized by ODE, the impact on the fiscal year 2017 financial statements, related to additional reconciliation necessary with these contracts, is not determinable. Management believes this may result in either an additional receivable to, or liability of, the School.

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, 2016 with Licking Area Computer Association (LACA) for certain computer, data processing and application services for the fiscal year ended June 30, 2017. 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)

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 \$25.16 per student.

For fiscal year 2017, the Academy paid per student fees to LACA in the amount of \$3,649. To obtain LACA's audited June 30, 2017 financial statements; please contact Mr. Jon Bowers, Executive Director, 150 South Quentin Rd., Newark, Ohio 43055.

SIGNIFICANT SUBSEQUENT EVENT

The Board of Directors approved filing a letter of intent to cancel sponsorship with Newark City Schools effective June 30, 2018, the end of the current sponsorship contract, and the Academy is seeking new sponsorship.

OPERATING LEASE/RELATED PARTY

The Academy entered in to a lease agreement on March 1, 2016 with Par Excellence Learning Center, which management has identified as a related party. Par Excellence Learning Center shares three of their seven Board members with the Academy. The Academy leases real property from Par Excellence Learning Center in the normal course of business. The lease calls for monthly payments of \$8,000 with a three year lease term from March 1, 2016 and shall continue through June 30, 2019. The lease agreement stipulates an automatic renewal for up to three additional two year periods, unless the Academy provides notice of termination of the lease four months prior to the end of the lease term. Total rental expenses of \$96,000 were recognized in fiscal year 2017. Future minimum lease payments are as follows:

<u>Years Ended June 30</u>	<u>Amount</u>
2018	\$ 96,000
2019	<u>96,000</u>
Total	<u><u>\$ 192,000</u></u>

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 FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.28969410%	0.28561610%	0.28305800%	0.28305800%
District's proportionate share of the net pension liability	\$ 21,202,935	\$ 16,297,532	\$ 14,325,404	\$ 16,832,551
District's covered-employee payroll	\$ 7,829,386	\$ 8,598,536	\$ 8,225,115	\$ 7,804,321
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	270.81%	189.54%	174.17%	215.68%
Plan fiduciary net position as a percentage of the total pension liability	62.98%	69.16%	71.70%	65.52%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

**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 FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.26604662%	0.26130152%	0.26505768%	0.26505768%
District's proportionate share of the net pension liability	\$ 89,053,823	\$ 72,216,097	\$ 64,471,201	\$ 76,797,673
District's covered-employee payroll	\$ 27,686,014	\$ 27,573,121	\$ 27,081,569	\$ 28,403,269
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	321.66%	261.91%	238.06%	270.38%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	72.10%	74.70%	69.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

**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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,263,603	\$ 1,096,114	\$ 1,133,287	\$ 1,140,001
Contributions in relation to the contractually required contribution	<u>(1,263,603)</u>	<u>(1,096,114)</u>	<u>(1,133,287)</u>	<u>(1,140,001)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 9,025,736	\$ 7,829,386	\$ 8,598,536	\$ 8,225,115
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.18%	13.86%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 1,080,118	\$ 1,075,688	\$ 947,903	\$ 995,303	\$ 720,877	\$ 736,674
<u>(1,080,118)</u>	<u>(1,075,688)</u>	<u>(947,903)</u>	<u>(995,303)</u>	<u>(720,877)</u>	<u>(736,674)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,804,321	\$ 7,997,680	\$ 7,540,994	\$ 7,350,835	\$ 7,325,986	\$ 7,501,772
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

**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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,196,292	\$ 3,876,042	\$ 3,860,237	\$ 3,520,604
Contributions in relation to the contractually required contribution	<u>(4,196,292)</u>	<u>(3,876,042)</u>	<u>(3,860,237)</u>	<u>(3,520,604)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 29,973,514	\$ 27,686,014	\$ 27,573,121	\$ 27,081,569
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	13.00%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 3,692,425	\$ 3,834,433	\$ 3,649,020	\$ 3,610,550	\$ 3,676,213	\$ 3,637,574
<u>(3,692,425)</u>	<u>(3,834,433)</u>	<u>(3,649,020)</u>	<u>(3,610,550)</u>	<u>(3,676,213)</u>	<u>(3,637,574)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 28,403,269	\$ 29,495,638	\$ 28,069,385	\$ 27,773,462	\$ 28,278,562	\$ 27,981,338
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, 2017**

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2014-2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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 2014-2017.

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Debt Service				
Total Revenues and Other Sources	\$ 5,102,217	\$ 5,102,217	\$ 4,684,493	\$ (417,724)
Total Expenditures and Other Uses	<u>4,817,044</u>	<u>4,817,044</u>	<u>4,808,360</u>	<u>8,684</u>
Net Change in Fund Balance	285,173	285,173	(123,867)	(409,040)
Fund balance at beginning of year	<u>1,891,421</u>	<u>1,891,421</u>	<u>1,891,421</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,176,594</u>	<u>\$ 2,176,594</u>	<u>\$ 1,767,554</u>	<u>\$ (409,040)</u>

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents.	\$ 5,648,329	\$ 1,579,157	\$ 7,227,486
Receivables:			
Property taxes	-	1,497,354	1,497,354
Payment in lieu of taxes.	-	1,840	1,840
Accounts.	537	-	537
Intergovernmental	1,495,929	-	1,495,929
Prepayments.	9,900	-	9,900
Materials and supplies inventory	4,651	-	4,651
Inventory held for resale.	12,721	-	12,721
Total assets.	\$ 7,172,067	\$ 3,078,351	\$ 10,250,418
Liabilities:			
Accounts payable.	\$ 492,000	\$ 28,079	\$ 520,079
Contracts payable.	-	7,157	7,157
Retainage payable	-	13,503	13,503
Accrued wages and benefits	545,854	-	545,854
Pension obligation payable.	106,652	-	106,652
Intergovernmental payable	6,694	-	6,694
Interfund loan payable	512,786	-	512,786
Total liabilities	1,663,986	48,739	1,712,725
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	-	1,324,078	1,324,078
Payment in lieu of taxes levied for next fiscal year.	-	1,840	1,840
Delinquent property tax revenue not available . . .	-	72,176	72,176
Intergovernmental revenue not available.	779,130	-	779,130
Total deferred inflows of resources.	779,130	1,398,094	2,177,224
Fund balances:			
Nonspendable:			
Materials and supplies inventory.	4,651	-	4,651
Prepays.	9,900	-	9,900
Restricted:			
Capital improvements	-	1,631,518	1,631,518
Classroom facilities maintenance	2,708,897	-	2,708,897
Food service operations	1,896,233	-	1,896,233
Non-public schools	5,700	-	5,700
Other purposes.	25,618	-	25,618
Extracurricular	289,713	-	289,713
Unassigned (deficit)	(211,761)	-	(211,761)
Total fund balances	4,728,951	1,631,518	6,360,469
Total liabilities, deferred inflows and fund balances .	\$ 7,172,067	\$ 3,078,351	\$ 10,250,418

**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, 2017

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
From local sources:			
Property taxes	\$ 412,881	\$ 970,308	\$ 1,383,189
Payment in lieu of taxes	-	864	864
Earnings on investments	11,323	1,105	12,428
Charges for services	542,784	-	542,784
Extracurricular	167,035	-	167,035
Contributions and donations	50,219	-	50,219
Other local revenues	20,750	196,022	216,772
Intergovernmental - state	1,062,238	179,525	1,241,763
Intergovernmental - federal	7,792,420	-	7,792,420
Total revenues	<u>10,059,650</u>	<u>1,347,824</u>	<u>11,407,474</u>
Expenditures:			
Current:			
Instruction:			
Regular	401,166	44,070	445,236
Special	3,559,800	-	3,559,800
Support services:			
Pupil	286,517	-	286,517
Instructional staff	1,301,639	-	1,301,639
Administration	268,897	-	268,897
Fiscal	7,500	24,050	31,550
Operations and maintenance	197,595	156,371	353,966
Pupil transportation	12,582	280,241	292,823
Operation of non-instructional services:			
Food service operations	2,689,528	-	2,689,528
Other non-instructional services	790,803	1,795,901	2,586,704
Extracurricular activities	211,214	-	211,214
Facilities acquisition and construction	353,048	1,007,255	1,360,303
Debt service:			
Interest and fiscal charges	-	39,998	39,998
Total expenditures	<u>10,080,289</u>	<u>3,347,886</u>	<u>13,428,175</u>
Excess (deficiency) of revenues over (under) expenditures	(20,639)	(2,000,062)	(2,020,701)
Other financing sources:			
Transfers in	77,653	77,510	155,163
Transfers (out)	-	(155,163)	(155,163)
Total other financing sources	<u>77,653</u>	<u>(77,653)</u>	<u>-</u>
Net change in fund balances	57,014	(2,077,715)	(2,020,701)
Fund balances at beginning of year	4,671,095	3,709,233	8,380,328
Increase in reserve for inventory	842	-	842
Fund balances at end of year	<u>\$ 4,728,951</u>	<u>\$ 1,631,518</u>	<u>\$ 6,360,469</u>

**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.

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)

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, 2017

	<u>Miscellaneous Grants</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>	<u>Public School Preschool</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 25,632	\$ 291,337	\$ 29,799	\$ -
Receivables:				
Accounts.	-	-	-	-
Intergovernmental	-	-	-	4,000
Prepayments.	-	19	328	-
Materials and supplies inventory	-	-	-	-
Inventory held for resale.	-	-	-	-
Total assets.	<u>\$ 25,632</u>	<u>\$ 291,356</u>	<u>\$ 30,127</u>	<u>\$ 4,000</u>
Liabilities:				
Accounts payable.	\$ -	\$ 375	\$ 433	\$ -
Accrued wages and benefits	-	-	20,983	-
Pension obligation payable.	-	1,249	2,432	-
Intergovernmental payable	14	-	251	-
Interfund loan payable	-	-	-	-
Total liabilities.	<u>14</u>	<u>1,624</u>	<u>24,099</u>	<u>-</u>
Deferred inflows of resources:				
Intergovernmental revenue not available.	-	-	-	4,000
Total deferred inflows of resources.	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory.	-	-	-	-
Prepays.	-	19	328	-
Restricted:				
Classroom facilities maintenance	-	-	-	-
Food service operations	-	-	-	-
Non-public schools	-	-	5,700	-
Other purposes.	25,618	-	-	-
Extracurricular	-	289,713	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances (deficit)	<u>25,618</u>	<u>289,732</u>	<u>6,028</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances .	<u>\$ 25,632</u>	<u>\$ 291,356</u>	<u>\$ 30,127</u>	<u>\$ 4,000</u>

<u>Alternative Schools</u>	<u>Miscellaneous State Grants</u>	<u>Title VI-B</u>	<u>Title I</u>	<u>EHA Preschool Grant</u>	<u>Reducing Class Size</u>
\$ -	\$ 174	\$ 28,105	\$ 439,732	\$ 685	\$ 7,135
-	-	-	-	-	-
-	3,385	328,075	1,002,435	4,000	105,786
202	62	583	4,738	-	706
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 202</u>	<u>\$ 3,621</u>	<u>\$ 356,763</u>	<u>\$ 1,446,905</u>	<u>\$ 4,685</u>	<u>\$ 113,627</u>
\$ -	\$ -	\$ 15,051	\$ 406,129	\$ -	\$ -
-	3,078	102,462	262,036	4,312	33,362
-	658	17,135	39,032	760	4,300
-	45	1,211	3,396	39	445
-	-	37,906	435,720	-	19,149
-	3,781	173,765	1,146,313	5,111	57,256
-	-	-	-	-	-
-	1,781	229,292	434,895	1,523	73,235
-	1,781	229,292	434,895	1,523	73,235
-	-	-	-	-	-
202	62	583	4,738	-	706
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(2,003)	(46,877)	(139,041)	(1,949)	(17,570)
202	(1,941)	(46,294)	(134,303)	(1,949)	(16,864)
<u>\$ 202</u>	<u>\$ 3,621</u>	<u>\$ 356,763</u>	<u>\$ 1,446,905</u>	<u>\$ 4,685</u>	<u>\$ 113,627</u>

- Continued

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

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	Miscellaneous Federal Grants	Food Service	Classroom Facilities Maintenance	Total Nonmajor Special Revenue Funds
Assets:				
Equity in pooled cash and cash equivalents.	\$ 11,279	\$ 2,089,633	\$ 2,724,818	5,648,329
Receivables:				
Accounts.	-	537	-	537
Intergovernmental	48,248	-	-	1,495,929
Prepayments.	735	2,527	-	9,900
Materials and supplies inventory	-	4,651	-	4,651
Inventory held for resale.	-	12,721	-	12,721
Total assets.	\$ 60,262	\$ 2,110,069	\$ 2,724,818	\$ 7,172,067
Liabilities:				
Accounts payable.	\$ 5,036	\$ 49,055	\$ 15,921	\$ 492,000
Accrued wages and benefits	3,877	115,744	-	545,854
Pension obligation payable.	471	40,615	-	106,652
Intergovernmental payable	49	1,244	-	6,694
Interfund loan payable	20,011	-	-	512,786
Total liabilities.	29,444	206,658	15,921	1,663,986
Deferred inflows of resources:				
Intergovernmental revenue not available.	34,404	-	-	779,130
Total deferred inflows of resources.	34,404	-	-	779,130
Fund balances:				
Nonspendable:				
Materials and supplies inventory.	-	4,651	-	4,651
Prepays.	735	2,527	-	9,900
Restricted:				
Classroom facilities maintenance	-	-	2,708,897	2,708,897
Food service operations	-	1,896,233	-	1,896,233
Non-public schools	-	-	-	5,700
Other purposes.	-	-	-	25,618
Extracurricular	-	-	-	289,713
Unassigned (deficit)	(4,321)	-	-	(211,761)
Total fund balances (deficit)	(3,586)	1,903,411	2,708,897	4,728,951
Total liabilities, deferred inflows and fund balances .	\$ 60,262	\$ 2,110,069	\$ 2,724,818	\$ 7,172,067

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, 2017

	<u>Miscellaneous Grants</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>	<u>Public School Preschool</u>
Revenues:				
From local sources:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	1,156	-
Charges for services	-	-	-	-
Extracurricular	-	167,035	-	-
Contributions and donations	21,144	29,075	-	-
Other local revenues	-	20,750	-	-
Intergovernmental - state	-	-	637,825	216,000
Intergovernmental - federal	-	-	-	-
Total revenues	<u>21,144</u>	<u>216,860</u>	<u>638,981</u>	<u>216,000</u>
Expenditures:				
Current:				
Instruction:				
Regular	9,655	-	-	-
Special	498	932	-	142,063
Support services:				
Pupil	102	-	-	-
Instructional staff	6,500	-	-	57,778
Administration	1,131	-	-	8,659
Fiscal	-	-	-	7,500
Operations and maintenance	-	-	-	-
Pupil transportation	-	-	-	-
Operation of non-instructional services:				
Food service operations	-	-	-	-
Other non-instructional services	16,263	-	709,696	-
Extracurricular activities	-	211,214	-	-
Facilities acquisition and construction	1,353	-	-	-
Total expenditures	<u>35,502</u>	<u>212,146</u>	<u>709,696</u>	<u>216,000</u>
Excess (deficiency) of revenues over (under) expenditures	(14,358)	4,714	(70,715)	-
Other financing sources:				
Transfers in	-	-	-	-
Net change in fund balances	(14,358)	4,714	(70,715)	-
Fund balances (deficits)				
at beginning of year	39,976	285,018	76,743	-
Increase in reserve for inventory	-	-	-	-
Fund balances (deficits) at end of year	<u>\$ 25,618</u>	<u>\$ 289,732</u>	<u>\$ 6,028</u>	<u>\$ -</u>

<u>Data Communications</u>	<u>Alternative Schools</u>	<u>Miscellaneous State Grants</u>	<u>Title VI-B</u>	<u>Title I</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
19,800	52,272	26,012	-	-
-	-	-	1,358,625	3,162,139
<u>19,800</u>	<u>52,272</u>	<u>26,012</u>	<u>1,358,625</u>	<u>3,162,139</u>
19,800	-	-	-	-
-	-	-	962,457	2,414,306
-	52,686	-	106,536	1,424
-	-	28,425	32,352	817,671
-	-	-	259,107	-
-	-	-	-	-
-	-	-	12,582	-
-	-	-	-	-
-	-	-	22,998	22,570
-	-	-	-	-
-	-	-	-	-
<u>19,800</u>	<u>52,686</u>	<u>28,425</u>	<u>1,396,032</u>	<u>3,255,971</u>
-	(414)	(2,413)	(37,407)	(93,832)
-	-	-	-	-
-	(414)	(2,413)	(37,407)	(93,832)
-	616	472	(8,887)	(40,471)
-	-	-	-	-
<u>\$ -</u>	<u>\$ 202</u>	<u>\$ (1,941)</u>	<u>\$ (46,294)</u>	<u>\$ (134,303)</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, 2017

	<u>EHA Preschool Grant</u>	<u>Reducing Class Size</u>	<u>Miscellaneous Federal Grants</u>	<u>Food Service</u>
Revenues:				
From local sources:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	10,167
Charges for services	-	-	-	542,784
Extracurricular	-	-	-	-
Contributions and donations	-	-	-	-
Other local revenues	-	-	-	-
Intergovernmental - state	-	-	-	40,398
Intergovernmental - federal	37,673	364,908	505,560	2,363,515
Total revenues	<u>37,673</u>	<u>364,908</u>	<u>505,560</u>	<u>2,956,864</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	-	357,247	-
Special	39,544	-	-	-
Support services:				
Pupil	-	-	125,769	-
Instructional staff	-	355,661	3,252	-
Administration	-	-	-	-
Fiscal	-	-	-	-
Operations and maintenance	-	-	-	-
Pupil transportation	-	-	-	-
Operation of non-instructional services:				
Food service operations	-	-	-	2,689,528
Other non-instructional services	-	19,276	-	-
Extracurricular activities	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Total expenditures	<u>39,544</u>	<u>374,937</u>	<u>486,268</u>	<u>2,689,528</u>
Excess (deficiency) of revenues over (under) expenditures	(1,871)	(10,029)	19,292	267,336
Other financing sources:				
Transfers in	-	-	-	-
Net change in fund balances	(1,871)	(10,029)	19,292	267,336
Fund balances (deficits)				
at beginning of year	(78)	(6,835)	(22,878)	1,635,233
Increase in reserve for inventory	-	-	-	842
Fund balances (deficits) at end of year	<u>\$ (1,949)</u>	<u>\$ (16,864)</u>	<u>\$ (3,586)</u>	<u>\$ 1,903,411</u>

<u>Classroom Facilities Maintenance</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 412,881	\$ 412,881
-	11,323
-	542,784
-	167,035
-	50,219
-	20,750
69,931	1,062,238
-	<u>7,792,420</u>
<u>482,812</u>	<u>10,059,650</u>
14,464	401,166
-	3,559,800
-	286,517
-	1,301,639
-	268,897
-	7,500
197,595	197,595
-	12,582
-	2,689,528
-	790,803
-	211,214
<u>351,695</u>	<u>353,048</u>
<u>563,754</u>	<u>10,080,289</u>
(80,942)	(20,639)
<u>77,653</u>	<u>77,653</u>
(3,289)	57,014
2,712,186	4,671,095
-	842
<u>\$ 2,708,897</u>	<u>\$ 4,728,951</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous Grants				
Total Revenues and Other Sources	\$ 1,850	\$ 18,954	\$ 21,144	\$ 2,190
Total Expenditures and Other Uses	<u>40,363</u>	<u>59,016</u>	<u>44,254</u>	<u>14,762</u>
Net Change in Fund Balance	(38,513)	(40,062)	(23,110)	16,952
Fund balance at beginning of year	40,164	40,164	40,164	-
Prior year encumbrances appropriated.	<u>75</u>	<u>75</u>	<u>75</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,726</u>	<u>\$ 177</u>	<u>\$ 17,129</u>	<u>\$ 16,952</u>
District Managed Student Activity				
Total Revenues and Other Sources	\$ 55,825	\$ 55,825	\$ 217,510	\$ 161,685
Total Expenditures and Other Uses	<u>257,834</u>	<u>294,989</u>	<u>250,077</u>	<u>44,912</u>
Net Change in Fund Balance	(202,009)	(239,164)	(32,567)	206,597
Fund balance at beginning of year	257,733	257,733	257,733	-
Prior year encumbrances appropriated.	<u>30,636</u>	<u>30,636</u>	<u>30,636</u>	<u>-</u>
Fund balance at end of year	<u>\$ 86,360</u>	<u>\$ 49,205</u>	<u>\$ 255,802</u>	<u>\$ 206,597</u>
Auxiliary Services				
Total Revenues and Other Sources	\$ 654,527	\$ 638,932	\$ 703,108	\$ 64,176
Total Expenditures and Other Uses	<u>718,735</u>	<u>703,140</u>	<u>753,546</u>	<u>(50,406)</u>
Net Change in Fund Balance	(64,208)	(64,208)	(50,438)	13,770
Fund balance at beginning of year	64,208	64,208	64,208	-
Prior year encumbrances appropriated.	<u>15,559</u>	<u>15,559</u>	<u>15,559</u>	<u>-</u>
Fund balance at end of year	<u>\$ 15,559</u>	<u>\$ 15,559</u>	<u>\$ 29,329</u>	<u>\$ 13,770</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public School Preschool				
Total Revenues and Other Sources	\$ 220,000	\$ 216,000	\$ 216,000	\$ -
Total Expenditures and Other Uses	<u>220,000</u>	<u>216,000</u>	<u>216,000</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>
Data Communications				
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>
Alternative Schools				
Total Revenues and Other Sources	\$ 52,272	\$ 52,272	\$ 52,272	\$ -
Total Expenditures and Other Uses	<u>52,272</u>	<u>52,272</u>	<u>52,272</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>

**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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous State Grants				
Total Revenues and Other Sources	\$ 27,794	\$ 27,794	\$ 24,408	\$ (3,386)
Total Expenditures and Other Uses	<u>28,401</u>	<u>28,401</u>	<u>24,841</u>	<u>3,560</u>
Net Change in Fund Balance	(607)	(607)	(433)	174
Fund balance at beginning of year	<u>607</u>	<u>607</u>	<u>607</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174</u>	<u>\$ 174</u>
Title VI-B				
Total Revenues and Other Sources	\$ 1,587,917	\$ 1,587,917	\$ 1,297,748	\$ (290,169)
Total Expenditures and Other Uses	<u>1,606,766</u>	<u>1,606,766</u>	<u>1,336,865</u>	<u>269,901</u>
Net Change in Fund Balance	(18,849)	(18,849)	(39,117)	(20,268)
Fund balance at beginning of year	18,849	18,849	18,849	-
Prior year encumbrances appropriated	<u>20,267</u>	<u>20,267</u>	<u>20,267</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 20,267</u>	<u>\$ 20,267</u>	<u>\$ (1)</u>	<u>\$ (20,268)</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Title I				
Total Revenues and Other Sources	\$ 3,607,136	\$ 3,607,136	\$ 3,030,319	\$ (576,817)
Total Expenditures and Other Uses	<u>3,607,136</u>	<u>3,594,421</u>	<u>3,049,169</u>	<u>545,252</u>
Net Change in Fund Balance	-	12,715	(18,850)	(31,565)
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated.	<u>19,850</u>	<u>19,850</u>	<u>19,850</u>	<u>-</u>
Fund balance at end of year	<u>\$ 19,850</u>	<u>\$ 32,565</u>	<u>\$ 1,000</u>	<u>\$ (31,565)</u>
EHA Preschool Grant				
Total Revenues and Other Sources	\$ 39,195	\$ 39,196	\$ 35,196	\$ (4,000)
Total Expenditures and Other Uses	<u>41,249</u>	<u>41,249</u>	<u>36,565</u>	<u>4,684</u>
Net Change in Fund Balance	(2,054)	(2,053)	(1,369)	684
Fund balance at beginning of year	<u>2,054</u>	<u>2,054</u>	<u>2,054</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 685</u>	<u>\$ 684</u>
Reducing Class Size				
Total Revenues and Other Sources	\$ 439,456	\$ 439,456	\$ 357,638	\$ (81,818)
Total Expenditures and Other Uses	<u>439,456</u>	<u>438,141</u>	<u>356,901</u>	<u>81,240</u>
Net Change in Fund Balance	-	1,315	737	(578)
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 1,315</u>	<u>\$ 737</u>	<u>\$ (578)</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous Federal Grants				
Total Revenues and Other Sources	\$ 478,467	\$ 478,467	\$ 521,029	\$ 42,562
Total Expenditures and Other Uses	<u>511,812</u>	<u>511,812</u>	<u>582,493</u>	<u>(70,681)</u>
Net Change in Fund Balance	(33,345)	(33,345)	(61,464)	(28,119)
Fund balance at beginning of year	33,346	33,346	33,346	-
Prior year encumbrances appropriated.	<u>28,119</u>	<u>28,119</u>	<u>28,119</u>	<u>-</u>
Fund balance at end of year	<u>\$ 28,120</u>	<u>\$ 28,120</u>	<u>\$ 1</u>	<u>\$ (28,119)</u>
Food Service				
Total Revenues and Other Sources	\$ 2,600,000	\$ 2,600,000	\$ 2,811,019	\$ 211,019
Total Expenditures and Other Uses	<u>3,793,521</u>	<u>3,793,521</u>	<u>2,982,301</u>	<u>811,220</u>
Net Change in Fund Balance	(1,193,521)	(1,193,521)	(171,282)	1,022,239
Fund balance at beginning of year	1,687,676	1,687,676	1,687,676	-
Prior year encumbrances appropriated.	<u>94,002</u>	<u>94,002</u>	<u>94,002</u>	<u>-</u>
Fund balance at end of year	<u>\$ 588,157</u>	<u>\$ 588,157</u>	<u>\$ 1,610,396</u>	<u>\$ 1,022,239</u>
Classroom Facilities Maintenance				
Total Revenues and Other Sources	\$ 482,812	\$ 482,812	\$ 560,465	\$ 77,653
Total Expenditures and Other Uses	<u>600,000</u>	<u>600,000</u>	<u>612,032</u>	<u>(12,032)</u>
Net Change in Fund Balance	(117,188)	(117,188)	(51,567)	65,621
Fund balance at beginning of year	2,694,101	2,694,101	2,694,101	-
Prior year encumbrances appropriated.	<u>30,857</u>	<u>30,857</u>	<u>30,857</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,607,770</u>	<u>\$ 2,607,770</u>	<u>\$ 2,673,391</u>	<u>\$ 65,621</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
School Activity Trusts				
Total Revenues and Other Sources	\$ 33,583	\$ 33,583	\$ 33,583	\$ -
Total Expenditures and Other Uses	<u>34,163</u>	<u>36,547</u>	<u>-</u>	<u>36,547</u>
Net Change in Fund Balance	(580)	(2,964)	33,583	36,547
Fund balance at beginning of year	<u>134,396</u>	<u>134,396</u>	<u>134,396</u>	<u>-</u>
Fund balance at end of year	<u>\$ 133,816</u>	<u>\$ 131,432</u>	<u>\$ 167,979</u>	<u>\$ 36,547</u>
Staff Trusts				
Total Revenues and Other Sources	\$ 9,394	\$ 9,394	\$ 9,394	\$ -
Total Expenditures and Other Uses	<u>9,162</u>	<u>7,677</u>	<u>7,677</u>	<u>-</u>
Net Change in Fund Balance	232	1,717	1,717	-
Fund balance at beginning of year	13,865	13,865	13,865	-
Prior year encumbrances appropriated.	<u>112</u>	<u>112</u>	<u>112</u>	<u>-</u>
Fund balance at end of year	<u>\$ 14,209</u>	<u>\$ 15,694</u>	<u>\$ 15,694</u>	<u>\$ -</u>
Rotary Fund - Special Services				
Total Revenues and Other Sources	\$ -	\$ -	\$ 2,371	\$ 2,371
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)	2,371	12,371
Fund balance at beginning of year	<u>21,784</u>	<u>21,784</u>	<u>21,784</u>	<u>-</u>
Fund balance at end of year	<u>\$ 11,784</u>	<u>\$ 11,784</u>	<u>\$ 24,155</u>	<u>\$ 12,371</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Rotary Fund				
Total Revenues and Other Sources	\$ 750	\$ 750	\$ 3,775	\$ 3,025
Total Expenditures and Other Uses	<u>4,000</u>	<u>4,000</u>	<u>1,579</u>	<u>2,421</u>
Net Change in Fund Balance	(3,250)	(3,250)	2,196	5,446
Fund balance at beginning of year	<u>4,417</u>	<u>4,417</u>	<u>4,417</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 1,167</u></u>	<u><u>\$ 1,167</u></u>	<u><u>\$ 6,613</u></u>	<u><u>\$ 5,446</u></u>
Public School Support				
Total Revenues and Other Sources	\$ 4,028	\$ 4,028	\$ 59,596	\$ 55,568
Total Expenditures and Other Uses	<u>56,250</u>	<u>69,550</u>	<u>61,580</u>	<u>7,970</u>
Net Change in Fund Balance	(52,222)	(65,522)	(1,984)	63,538
Fund balance at beginning of year	114,077	114,077	114,077	-
Prior year encumbrances appropriated.	<u>4,028</u>	<u>4,028</u>	<u>4,028</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 65,883</u></u>	<u><u>\$ 52,583</u></u>	<u><u>\$ 116,121</u></u>	<u><u>\$ 63,538</u></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, 2017

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
Assets:			
Equity in pooled cash and cash equivalents.	\$ 1,563,078	\$ 16,079	\$ 1,579,157
Receivables:			
Property taxes	1,497,354	-	1,497,354
Payment in lieu of taxes	1,840	-	1,840
Total assets.	\$ 3,062,272	\$ 16,079	\$ 3,078,351
Liabilities:			
Accounts payable.	\$ 28,079	\$ -	\$ 28,079
Contracts payable.	7,157	-	7,157
Retainage payable	13,503	-	13,503
Total liabilities.	48,739	-	48,739
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	1,324,078	-	1,324,078
Payment in lieu of taxes levied for next fiscal year.	1,840	-	1,840
Delinquent property tax revenue not available . . .	72,176	-	72,176
Total deferred inflows of resources.	1,398,094	-	1,398,094
Fund balances:			
Restricted:			
Capital improvements	1,615,439	16,079	1,631,518
Total fund balances	1,615,439	16,079	1,631,518
Total liabilities, deferred inflows and fund balances .	\$ 3,062,272	\$ 16,079	\$ 3,078,351

**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, 2017

	Permanent Improvement	Building	Classroom Facilities	Total Nonmajor Capital Projects Funds
Revenues:				
From local sources:				
Property taxes	\$ 970,308	\$ -	\$ -	\$ 970,308
Payment in lieu of taxes	864	-	-	864
Earnings on investments	-	584	521	1,105
Other local revenues	-	196,022	-	196,022
Intergovernmental - state	179,525	-	-	179,525
Total revenues	1,150,697	196,606	521	1,347,824
Expenditures:				
Current:				
Instruction:				
Regular	44,070	-	-	44,070
Support services:				
Fiscal	24,050	-	-	24,050
Operations and maintenance	156,371	-	-	156,371
Pupil transportation	280,241	-	-	280,241
Operation of non-instructional services:				
Other non-instructional services	-	-	1,795,901	1,795,901
Facilities acquisition and construction	858,411	148,844	-	1,007,255
Debt service:				
Interest and fiscal charges	39,998	-	-	39,998
Total expenditures	1,403,141	148,844	1,795,901	3,347,886
Excess (deficiency) of revenues over (under) expenditures	(252,444)	47,762	(1,795,380)	(2,000,062)
Other financing sources:				
Transfers in	-	77,510	-	77,510
Transfers (out)	-	-	(155,163)	(155,163)
Total other financing sources	-	77,510	(155,163)	(77,653)
Net change in fund balances	(252,444)	125,272	(1,950,543)	(2,077,715)
Fund balances (deficit) at beginning of year .	1,867,883	(109,193)	1,950,543	3,709,233
Fund balances at end of year	\$ 1,615,439	\$ 16,079	\$ -	\$ 1,631,518

**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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Permanent Improvement				
Total Revenues and Other Sources	\$ 1,635,257	\$ 1,635,257	\$ 1,614,139	\$ (21,118)
Total Expenditures and Other Uses	<u>1,074,716</u>	<u>1,857,689</u>	<u>2,377,506</u>	<u>(519,817)</u>
Net Change in Fund Balance	560,541	(222,432)	(763,367)	(540,935)
Fund balance at beginning of year	1,235,121	1,235,121	1,235,121	-
Prior year encumbrances appropriated.	<u>657,533</u>	<u>657,533</u>	<u>657,533</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,453,195</u>	<u>\$ 1,670,222</u>	<u>\$ 1,129,287</u>	<u>\$ (540,935)</u>
Building				
Total Revenues and Other Sources	\$ 260	\$ 78,067	\$ 117,066	\$ 38,999
Total Expenditures and Other Uses	<u>86,855</u>	<u>164,896</u>	<u>203,867</u>	<u>(38,971)</u>
Net Change in Fund Balance	(86,595)	(86,829)	(86,801)	28
Fund balance at beginning of year	<u>86,829</u>	<u>86,829</u>	<u>86,829</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 234</u>	<u>\$ -</u>	<u>\$ 28</u>	<u>\$ 28</u>
Classroom Facilities				
Total Revenues and Other Sources	\$ 521	\$ 521	\$ 521	\$ -
Total Expenditures and Other Uses	<u>1,755,042</u>	<u>1,755,042</u>	<u>1,755,042</u>	<u>-</u>
Net Change in Fund Balance	(1,754,521)	(1,754,521)	(1,754,521)	-
Fund balance at beginning of year	<u>1,754,521</u>	<u>1,754,521</u>	<u>1,754,521</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Employee Benefits Self-Insurance				
Total Operating and Non-operating Revenues . . .	\$ 10,700,000	\$ 10,700,000	\$ 10,663,809	\$ (36,191)
Total Operating and Non-operating Expenses . . .	<u>10,967,318</u>	<u>10,967,318</u>	<u>11,047,157</u>	<u>(79,839)</u>
Net change in fund equity	(267,318)	(267,318)	(383,348)	(116,030)
Fund equity at beginning of year.	3,009,759	3,009,759	3,009,759	-
Prior year encumbrances appropriated. . . .	<u>154,706</u>	<u>154,706</u>	<u>154,706</u>	<u>-</u>
Fund equity at end of year	<u>\$ 2,897,147</u>	<u>\$ 2,897,147</u>	<u>\$ 2,781,117</u>	<u>\$ (116,030)</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, 2017

	Special Trusts	Endowment	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 26,926	\$ 10,086	\$ 37,012
Total assets.	26,926	10,086	37,012
Net Position:			
Held in trust for scholarships	26,926	10,086	37,012
Total net position.	\$ 26,926	\$ 10,086	\$ 37,012

**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, 2017

	<u>Special Trusts</u>	<u>Endowment</u>	<u>Total</u>
Additions:			
Interest	\$ 135	\$ 53	\$ 188
Gifts and contributions.	500	-	500
Total additions.	<u>635</u>	<u>53</u>	<u>688</u>
Deductions:			
Scholarships awarded	<u>2,750</u>	<u>-</u>	<u>2,750</u>
Change in net position.	(2,115)	53	(2,062)
Net position at beginning of year	<u>29,041</u>	<u>10,033</u>	<u>39,074</u>
Net position at end of year	<u>\$ 26,926</u>	<u>\$ 10,086</u>	<u>\$ 37,012</u>

**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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Special Trusts				
Total Operating and Non-operating Revenues . . .	\$ 635	\$ 635	\$ 635	\$ -
Total Operating and Non-operating Expenses . . .	<u>3,400</u>	<u>2,750</u>	<u>2,750</u>	<u>-</u>
Net change in fund equity	(2,765)	(2,115)	(2,115)	-
Fund equity at beginning of year.	<u>29,041</u>	<u>29,041</u>	<u>29,041</u>	<u>-</u>
Fund equity at end of year	<u>\$ 26,276</u>	<u>\$ 26,926</u>	<u>\$ 26,926</u>	<u>\$ -</u>
Endowment				
Total Operating and Non-operating Revenues . . .	\$ 40	\$ 40	\$ 53	\$ 13
Total Operating and Non-operating Expenses . . .	<u>150</u>	<u>150</u>	<u>-</u>	<u>150</u>
Net change in fund equity	(110)	(110)	53	163
Fund equity at beginning of year.	<u>10,033</u>	<u>10,033</u>	<u>10,033</u>	<u>-</u>
Fund equity at end of year	<u>\$ 9,923</u>	<u>\$ 9,923</u>	<u>\$ 10,086</u>	<u>\$ 163</u>

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

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Beginning Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2017</u>
District Agency				
Assets:				
Equity in pooled cash and cash equivalents. . . .	\$ -	\$ 31,965	\$ 31,890	\$ 75
Total assets	<u>\$ -</u>	<u>\$ 31,965</u>	<u>\$ 31,890</u>	<u>\$ 75</u>
Liabilities:				
Accounts payable.	\$ -	\$ 75	\$ -	\$ 75
Total liabilities.	<u>\$ -</u>	<u>\$ 75</u>	<u>\$ -</u>	<u>\$ 75</u>
Student Managed Activities				
Assets:				
Equity in pooled cash and cash equivalents. . . .	\$ 59,233	\$ 44,301	\$ 46,582	\$ 56,952
Total assets	<u>\$ 59,233</u>	<u>\$ 44,301</u>	<u>\$ 46,582</u>	<u>\$ 56,952</u>
Liabilities:				
Accounts payable.	\$ 2,507	\$ 2,573	\$ 2,507	\$ 2,573
Due to students	56,726	44,301	46,648	54,379
Total liabilities.	<u>\$ 59,233</u>	<u>\$ 46,874</u>	<u>\$ 49,155</u>	<u>\$ 56,952</u>
Total Agency Funds				
Assets:				
Equity in pooled cash and cash equivalents. . . .	\$ 59,233	\$ 76,266	\$ 78,472	\$ 57,027
Total assets	<u>\$ 59,233</u>	<u>\$ 76,266</u>	<u>\$ 78,472</u>	<u>\$ 57,027</u>
Liabilities:				
Accounts payable.	\$ 2,507	\$ 2,648	\$ 2,507	\$ 2,648
Due to students	56,726	44,301	46,648	54,379
Total liabilities.	<u>\$ 59,233</u>	<u>\$ 46,949</u>	<u>\$ 49,155</u>	<u>\$ 57,027</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.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	150-163
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	164-169
Debt Capacity 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.	170-173
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	174-175
Operating Information 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.	176-187

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

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental activities				
Net investment in capital assets	\$ 85,515,706	\$ 84,802,559	\$ 89,306,195	\$ 89,834,198
Invested in capital assets, net of related debt			-	-
Restricted	8,694,181	11,693,660	10,338,400	10,295,131
Unrestricted (deficit)	(60,246,808)	(61,813,654)	(70,450,227)	11,672,708
Total governmental activities net position	<u>\$ 33,963,079</u>	<u>\$ 34,682,565</u>	<u>\$ 29,194,368</u>	<u>\$ 111,802,037</u>

(1) New terminology in accordance with GASB Statements No. 63 and No. 65 which was implemented in 2013.
Amounts for 2012 have been restated to reflect the implementation of GASB Statements No. 63 and No. 65.

Source: School District financial records.

2013	2012 (1)	2011	2010	2009	2008
\$ 87,567,379	\$ 81,178,055	\$ -	\$ -	\$ -	\$ -
-	-	61,549,043	35,083,192	25,933,780	17,859,087
13,354,997	19,658,990	43,863,448	67,827,213	76,109,543	25,247,127
10,090,041	8,012,611	6,694,686	4,424,169	(820,796)	(658,639)
<u>\$ 111,012,417</u>	<u>\$ 108,849,656</u>	<u>\$ 112,107,177</u>	<u>\$ 107,334,574</u>	<u>\$ 101,222,527</u>	<u>\$ 42,447,575</u>

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

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expenses				
Governmental activities:				
Instruction:				
Regular	\$ 37,735,297	\$ 35,039,883	\$ 33,574,541	\$ 34,785,398
Special	15,014,909	12,202,659	11,175,826	11,011,351
Vocational	369,372	337,294	392,481	405,009
Other instructional	153,373	232,702	211,952	264,203
Support services:				
Pupil	4,539,392	4,037,014	3,662,387	3,860,974
Instructional staff	3,674,400	3,026,969	2,866,379	2,903,788
Board of education	150,549	259,894	150,058	163,268
Administration	4,281,207	3,953,871	3,665,474	3,771,253
Fiscal	1,372,452	1,475,422	1,316,322	1,346,565
Business	630,260	500,683	461,300	574,959
Operations and maintenance	7,176,597	7,243,616	6,701,896	6,447,978
Pupil transportation	3,615,232	3,232,114	3,103,190	2,976,377
Central	537,799	538,794	511,210	402,627
Operation of non-instructional services:				
Food service operations	2,938,568	2,590,338	2,395,676	2,281,336
Other non-instructional services	2,470,071	670,056	847,440	540,290
Extracurricular activities	1,256,345	1,096,845	1,138,134	843,918
Interest and fiscal charges	1,900,549	2,075,843	2,358,614	2,646,583
Total governmental activities expenses	<u>87,816,372</u>	<u>78,513,997</u>	<u>74,532,880</u>	<u>75,225,877</u>

2013	2012	2011	2010	2009	2008
\$ 33,001,079	\$ 33,765,227	\$ 31,997,731	\$ 28,348,098	\$ 27,691,090	\$ 26,612,336
9,533,160	8,440,344	8,121,944	8,652,532	7,867,634	7,386,301
370,850	414,361	446,067	476,722	482,489	491,686
263,687	272,675	646,105	538,181	587,205	415,522
3,694,655	3,583,008	3,448,955	3,141,826	3,268,163	3,165,276
3,974,951	4,423,319	4,353,286	4,521,869	4,650,488	4,581,834
130,169	200,947	241,079	209,247	257,859	314,946
3,627,531	3,595,887	3,618,373	3,512,967	3,597,685	3,621,145
1,283,969	1,196,301	1,174,507	1,145,723	1,156,392	1,162,601
450,361	657,712	671,255	669,134	629,211	601,678
6,094,397	6,342,432	6,080,462	5,219,050	5,121,277	4,782,208
2,439,472	2,934,032	2,381,970	2,354,922	1,950,329	2,066,216
1,055,945	878,151	827,465	847,739	1,071,009	1,254,625
2,385,819	2,646,025	2,242,916	2,247,871	2,850,515	2,794,947
775,455	626,023	700,135	593,413	748,448	621,123
639,287	1,027,671	969,125	960,411	1,011,699	925,354
2,718,848	2,660,397	2,945,887	2,997,107	3,064,035	3,134,092
<u>72,439,635</u>	<u>73,664,512</u>	<u>70,867,262</u>	<u>66,436,812</u>	<u>66,005,528</u>	<u>63,931,890</u>

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

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS - (Continued)
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Instruction:				
Regular	\$ 1,047,952	\$ 765,956	\$ 759,762	\$ 720,191
Special	67,249	123,414	166,875	175,956
Support services:				
Instructional staff	-	-	-	-
Board of education	-	-	-	-
Fiscal	-	-	-	-
Operations and maintenance	109,750	114,297	111,221	84,034
Pupil transportation	24,623	117,754	105,598	102,525
Operation of non-instructional services:				
Food service operations	542,784	573,261	437,690	459,673
Other non-instructional services	62,319	44,163	48,670	50,791
Extracurricular activities	166,301	150,993	148,999	141,829
Operating grants and contributions:				
Instruction:				
Regular	404,649	510,119	203,894	321,031
Special	8,832,513	7,903,952	7,928,058	7,222,647
Vocational	75,377	65,170	27,992	28,462
Other instructional	-	-	-	-
Support services:				
Pupil	280,315	208,408	127,199	215,583
Instructional staff	1,209,845	1,138,034	1,263,858	995,815
Administration	269,129	314,439	104,156	153,788
Fiscal	7,639	7,500	6,100	7,756
Operations and maintenance	112,259	134,569	92,510	31,119
Pupil transportation	388,981	415,828	353,892	295,828
Central	-	-	-	-
Operation of non-instructional services:				
Food service operations	2,414,080	2,138,339	1,943,880	1,886,745
Other non-instructional services	723,077	715,556	654,718	628,125
Extracurricular activities	49,606	35,173	32,526	29,498
Capital grants and contributions:				
Support services:				
Pupil transportation	-	-	-	-
Operations and maintenance	-	-	-	-
Central	-	-	-	-
Extracurricular activities	-	-	-	-
Total governmental program revenues	<u>16,788,448</u>	<u>15,476,925</u>	<u>14,517,598</u>	<u>13,551,396</u>
Net (Expense)/Revenue				
Governmental activities	<u>(71,027,924)</u>	<u>(63,037,072)</u>	<u>(60,015,282)</u>	<u>(61,674,481)</u>

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$	776,913	\$ 689,402	\$ 708,165	\$ 813,838	\$ 636,853	\$ 571,523
	180,189	119,276	105,510	114,846	127,435	68,485
	-	-	-	-	1,155	-
	-	-	-	41,295	-	-
	-	-	-	-	25,018	24,387
	12,218	631	22,290	63,859	37,779	4,993
	94,812	108,658	100,681	-	106,304	121,473
	517,229	538,131	570,499	565,411	1,067,671	1,135,897
	36,846	40,641	17,996	48,244	40,844	46,957
	145,627	287,852	431,914	346,882	403,837	411,048
	446,406	585,961	3,776,904	2,037,234	2,246,518	2,324,772
	4,754,225	5,025,868	5,311,051	5,247,759	4,096,721	4,390,760
	74,615	66,976	66,976	66,478	65,995	72,809
	-	3,498	575,963	410,037	421,750	262,072
	209,378	265,827	342,198	339,571	291,485	419,746
	2,334,546	2,162,364	2,157,337	2,571,924	1,847,393	2,058,960
	126,027	140,189	253,444	277,978	217,473	227,470
	7,756	7,756	10,700	27,524	25,929	17,947
	119,047	134,547	127,496	12,492	26,507	10,684
	432,112	279,518	226,099	37,353	182,022	234,751
	19,800	19,800	26,996	29,756	49,269	51,306
	1,945,837	1,882,114	1,794,940	1,743,778	1,542,792	1,798,117
	640,036	596,853	592,192	604,578	604,128	609,014
	59,442	13,231	-	19,241	54,200	28,785
	-	-	-	-	-	18,364
	-	-	142,790	530,000	440,110	-
	405,000	-	-	-	-	-
	-	-	-	-	-	107,200
	<u>13,338,061</u>	<u>12,969,093</u>	<u>17,362,141</u>	<u>15,950,078</u>	<u>14,559,188</u>	<u>15,017,520</u>
	<u>(59,101,574)</u>	<u>(60,695,419)</u>	<u>(53,505,121)</u>	<u>(50,486,734)</u>	<u>(51,446,340)</u>	<u>(48,914,370)</u>

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

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS - (Continued)
(ACCRUAL BASIS OF ACCOUNTING)

General Revenues and Other Changes in Net Position	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental activities:				
Property taxes levied for:				
General purposes	\$ 19,201,896	\$ 19,434,839	\$ 19,580,708	\$ 19,646,227
Debt service	3,833,655	4,331,366	3,982,733	3,634,892
Capital outlay	931,011	960,058	964,252	963,608
Facilities maintenance	412,881	412,881	412,881	412,881
School district income taxes	8,870,372	8,745,391	8,447,025	8,251,484
Payment in lieu of taxes	307,928	107,329	216,287	11,103
Grants and entitlements not restricted to specific programs	36,105,065	34,014,142	32,076,321	29,074,075
Grants restricted for Ohio Schools				
Facilities Commission (OSFC)	-	-	-	-
Gain on sale of building and land	-	-	-	-
Investment earnings	263,738	111,006	55,049	37,478
Miscellaneous	381,892	408,257	641,976	432,353
Extraordinary Item:				
Decrease in scope of work for OSFC	-	-	-	-
Total governmental activities	<u>70,308,438</u>	<u>68,525,269</u>	<u>66,377,232</u>	<u>62,464,101</u>
 Total primary government	 <u>70,308,438</u>	 <u>68,525,269</u>	 <u>66,377,232</u>	 <u>62,464,101</u>
 Change in Net Position				
Governmental activities	<u>\$ (719,486)</u>	<u>\$ 5,488,197</u>	<u>\$ 6,361,950</u>	<u>\$ 789,620</u>

Source: School District financial records.

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 19,435,032	\$ 18,780,403	\$ 17,543,757	\$ 19,590,287	\$ 14,833,502	\$ 15,244,558
3,521,282	4,016,127	3,841,620	4,704,334	4,429,725	4,432,573
943,709	874,230	825,914	1,485,069	1,417,711	1,463,426
412,881	412,881	412,881	-	-	-
8,119,680	7,817,597	7,774,670	7,674,450	7,672,584	8,297,755
8,504	8,109	7,884	-	-	-
28,256,565	27,367,109	26,576,387	26,714,548	25,173,592	23,464,963
-	-	-	-	73,546,948	-
56,789	-	818,010	76,724	-	-
48,591	64,799	93,035	215,269	534,004	1,911,762
461,302	690,646	383,565	434,997	472,314	551,039
-	(2,180,642)	-	-	-	-
<u>61,264,335</u>	<u>57,851,259</u>	<u>58,277,723</u>	<u>60,895,678</u>	<u>128,080,380</u>	<u>55,366,076</u>
<u>61,264,335</u>	<u>57,851,259</u>	<u>58,277,723</u>	<u>60,895,678</u>	<u>128,080,380</u>	<u>55,366,076</u>
<u>\$ 2,162,761</u>	<u>\$ (2,844,160)</u>	<u>\$ 4,772,602</u>	<u>\$ 10,408,944</u>	<u>\$ 76,634,040</u>	<u>\$ 6,451,706</u>

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

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund:				
Nonspendable	\$ 200,754	\$ 79,861	\$ 78,073	\$ 74,875
Committed	889,729	889,729	889,729	889,729
Assigned	967,189	2,054,393	4,937,642	2,708,548
Unassigned	25,911,744	20,452,402	13,498,927	11,801,805
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total general fund	<u>\$ 27,969,416</u>	<u>\$ 23,476,385</u>	<u>\$ 19,404,371</u>	<u>\$ 15,474,957</u>
All Other Governmental Funds:				
Nonspendable	\$ 14,551	\$ 5,546	\$ 9,274	\$ 47,267
Restricted	8,601,863	10,788,025	9,511,461	9,779,886
Unassigned (deficit)	(211,761)	(188,342)	(496,512)	(369,896)
Reserved	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Total all other governmental funds	<u>\$ 8,404,653</u>	<u>\$ 10,605,229</u>	<u>\$ 9,024,223</u>	<u>\$ 9,457,257</u>

(1) The District implemented GASB Statement No. 54 in fiscal year 2011.

Source: School District financial records.

<u>2013</u>	<u>2012</u>	<u>2011 (1)</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 69,412	\$ 74,510	\$ 56,208	\$ -	\$ -	\$ -
689,729	953,261	953,261	-	-	-
1,607,892	3,199,984	1,997,793	-	-	-
12,006,734	8,611,963	7,939,360	-	-	-
-	-	-	6,561,735	2,637,082	2,379,915
-	-	-	4,767,201	3,691,856	3,532,692
<u>\$ 14,373,767</u>	<u>\$ 12,839,718</u>	<u>\$ 10,946,622</u>	<u>\$ 11,328,936</u>	<u>\$ 6,328,938</u>	<u>\$ 5,912,607</u>
\$ 40,317	\$ 40,915	\$ 26,689	\$ -	\$ -	\$ -
11,030,073	19,294,885	31,769,445	-	-	-
(390,307)	(449,378)	(445,718)	-	-	-
-	-	-	19,603,666	18,844,844	13,924,060
-	-	-	954,353	653,666	609,719
-	-	-	8,796,498	4,322,307	7,636,692
<u>\$ 10,680,083</u>	<u>\$ 18,886,422</u>	<u>\$ 31,350,416</u>	<u>\$ 29,354,517</u>	<u>\$ 23,820,817</u>	<u>\$ 22,170,471</u>

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

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues				
From local sources:				
Taxes and payments in lieu of taxes	\$ 34,276,376	\$ 34,331,474	\$ 33,599,404	\$ 32,822,596
Tuition	799,207	715,571	751,183	711,432
Transportation fees	24,550	117,754	105,598	102,525
Charges for services	542,784	573,261	441,786	464,574
Earnings on investments	271,043	113,338	56,110	37,743
Extracurricular	181,788	178,393	195,530	186,521
Classroom materials and fees	123,060	131,553	121,403	129,646
Rental income, contributions and donations, contract services and other local revenues	1,071,804	785,628	922,730	726,912
Intergovernmental - intermediate	-	-	-	-
Intergovernmental - state	43,004,055	39,641,914	37,413,388	34,348,632
Intergovernmental - federal	7,792,420	7,434,565	7,123,440	6,554,319
Total revenues	<u>88,087,087</u>	<u>84,023,451</u>	<u>80,730,572</u>	<u>76,084,900</u>
Expenditures				
Current:				
Instruction:				
Regular	33,914,883	32,792,831	32,536,337	32,219,790
Special	14,526,157	12,331,857	11,720,826	11,013,686
Vocational	208,428	189,787	276,845	255,081
Other	166,388	234,913	228,104	265,161
Support services:				
Pupil	4,305,825	4,013,386	3,719,856	3,780,884
Instructional staff	3,390,875	2,925,740	2,842,134	2,746,522
Board of education	149,365	260,100	150,430	163,268
Administration	4,033,561	3,906,213	3,823,224	3,697,181
Fiscal	1,378,473	1,478,900	1,343,235	1,344,376
Business	600,326	518,884	474,504	569,533
Operations and maintenance	6,441,782	6,881,027	6,728,725	6,593,304
Pupil transportation	3,554,821	3,283,030	3,277,007	2,944,998
Central	528,126	537,230	522,941	396,894
Operation of non-instructional services:				
Food service operations	2,689,528	2,415,481	2,207,019	2,087,522
Other non-instructional services	2,654,023	673,773	856,472	533,221
Extracurricular activities	1,059,073	955,881	995,828	702,956
Facilities acquisitions and construction	1,360,303	2,093,329	574,873	2,208,994
Capital outlay	-	252,284	-	-
Debt service:				
Principal retirement	2,996,878	2,599,105	2,647,146	2,422,425
Interest and fiscal charges	1,836,659	1,778,440	2,285,831	2,386,382
Bond issue costs	-	326,815	-	288,471
Total expenditures	<u>85,795,474</u>	<u>80,449,006</u>	<u>77,211,337</u>	<u>76,620,649</u>
Excess (deficiency) of revenues over (under) expenditures	2,291,613	3,574,445	3,519,235	(535,749)

	2013	2012	2011	2010	2009	2008
\$	32,497,842	\$ 31,545,654	\$ 29,758,224	\$ 32,246,871	\$ 28,150,223	\$ 29,329,331
	788,387	647,337	655,273	643,778	621,504	436,338
	94,812	108,658	102,270	94,614	106,068	121,473
	522,869	538,131	570,499	565,092	1,067,671	1,135,897
	50,873	66,212	94,901	240,642	609,101	2,189,194
	167,759	292,542	400,659	352,173	395,450	439,352
	129,328	138,162	141,145	159,170	151,117	175,530
	1,137,074	907,077	838,295	1,269,631	1,143,373	776,815
	-	-	-	8,028	18,939	12,000
	34,186,510	42,244,746	57,690,931	47,200,320	43,994,768	29,006,860
	6,941,413	8,289,390	10,809,399	9,957,222	6,116,682	6,705,536
	<u>76,516,867</u>	<u>84,777,909</u>	<u>101,061,596</u>	<u>92,737,541</u>	<u>82,374,896</u>	<u>70,328,326</u>
	31,221,725	31,743,954	32,472,318	28,345,078	27,519,564	26,105,825
	9,558,244	8,398,638	8,247,873	8,659,439	7,837,702	7,333,687
	264,377	315,940	437,997	444,955	486,363	474,685
	260,394	257,184	651,737	537,611	585,723	409,965
	3,611,968	3,492,303	3,440,477	3,164,110	3,242,632	3,142,179
	3,860,664	4,289,985	4,441,022	4,481,557	4,679,590	4,588,276
	130,169	200,947	241,079	209,247	257,859	314,946
	3,556,450	3,500,955	3,589,025	3,486,223	3,609,586	3,533,891
	1,283,155	1,199,870	1,164,936	1,152,005	1,157,436	1,163,325
	450,846	590,576	598,524	614,141	557,971	533,895
	5,989,433	6,050,191	6,100,182	5,528,513	5,397,553	5,185,527
	2,699,744	2,711,740	2,360,184	2,323,704	1,705,601	1,822,635
	1,055,074	870,123	802,343	818,799	1,041,645	1,230,284
	2,211,304	2,482,293	2,188,137	2,213,006	2,844,805	2,739,353
	767,454	612,583	687,230	595,149	734,600	601,265
	427,811	855,537	848,253	855,746	873,551	878,700
	10,866,526	23,652,230	27,166,008	14,056,143	12,410,905	16,409,668
	-	-	-	-	-	-
	2,336,866	2,286,202	1,980,000	1,915,000	2,309,760	2,443,183
	2,775,471	2,651,892	2,910,597	2,974,338	3,054,946	3,139,360
	-	150,358	-	-	-	-
	<u>83,327,675</u>	<u>96,313,501</u>	<u>100,327,922</u>	<u>82,374,764</u>	<u>80,307,792</u>	<u>82,050,649</u>
	(6,810,808)	(11,535,592)	733,674	10,362,777	2,067,104	(11,722,323)

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

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (Continued)
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Other Financing Sources (Uses)				
Transfers in	\$ 155,163	\$ -	\$ -	\$ -
Transfers (out)	(155,163)	-	-	-
Sale of capital assets	-	-	4,278	112,826
Insurance proceeds	-	-	-	-
Capital lease transaction	-	252,284	-	-
Refunding bond issued	-	26,935,000	-	18,161,627
Premium on bonds issuance	-	2,022,194	-	1,822,842
Payment to refunded bond escrow agent	-	(28,630,379)	-	(19,688,517)
Issuance of notes/bonds	-	1,500,000	-	-
Total other financing sources (uses)	<u>-</u>	<u>2,079,099</u>	<u>4,278</u>	<u>408,778</u>
Net change in fund balances	<u>\$ 2,291,613</u>	<u>\$ 5,653,544</u>	<u>\$ 3,523,513</u>	<u>\$ (126,971)</u>
Debt service principal and interest as a percentage of noncapital expenditures	5.72%	5.61%	6.47%	6.51%

Source: School District financial records.

2013	2012	2011	2010	2009	2008
\$ 2,221,799	\$ 151,606	\$ 78,975	\$ 1,644,890	\$ 475,881	\$ 3,355,161
(2,221,799)	(151,606)	(78,975)	(1,644,890)	(475,881)	(3,355,161)
135,899	185,867	885,419	170,782	-	398,000
-	-	-	-	-	40,013
-	812,035	-	-	-	-
-	-	-	-	-	-
-	1,452,977	-	-	-	-
-	(10,041,982)	-	-	-	-
-	8,545,000	-	-	-	-
<u>135,899</u>	<u>953,897</u>	<u>885,419</u>	<u>170,782</u>	<u>-</u>	<u>438,013</u>
<u>\$ (6,674,909)</u>	<u>\$ (10,581,695)</u>	<u>\$ 1,619,093</u>	<u>\$ 10,533,559</u>	<u>\$ 2,067,104</u>	<u>\$ (11,284,310)</u>
7.02%	6.73%	6.67%	7.17%	7.91%	8.61%

**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
2017	\$ 740,257,563	\$ 2,115,021,609		\$ -	\$ 33,848,440	\$ 96,709,829
2016	735,178,590	2,100,510,257	-	-	34,608,820	98,882,343
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

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%.

		Total		
Total Direct Tax Rate	Assessed Value	Estimated Actual Value	%	
\$ 43.50	\$ 774,106,003	\$ 2,211,731,438	35.00%	
44.63	769,787,410	2,199,392,600	35.00%	
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%	

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

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

Tax Year/ Collection Year	Overlapping Rates		Direct Rates				Licking County Joint Vocational School	
	County	City	Voted			Unvoted		Total
			General	Bond	Permanent Improvement			
2016/2017	8.00	3.70	31.10	5.40	2.90	4.10	43.50	2.57
2015/2016	8.00	3.70	31.10	6.53	2.90	4.10	44.63	2.58
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

Source: Licking County Auditor's Office

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

**PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO**

December 31, 2016			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Ohio Power	\$ 24,965,160	1	3.23%
MIMG XXIII	5,652,510	2	0.73%
Cole DC Newark Ohio LLC	4,165,000	3	0.54%
LSREF2 Tractor REO	2,921,450	4	0.38%
National Gas & Oil	2,869,840	5	0.37%
Columbia Gas of Ohio	2,767,290	6	0.36%
Southgate Company	2,703,700	7	0.35%
KND Real Estate 13 LLC	2,263,630	8	0.29%
AEP Ohio Transmission	2,120,060	9	0.27%
Park National Bank	2,052,040	10	0.27%
Total	\$ 52,480,680		\$ 774,106,003

December 31, 2007			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Ohio Power	\$ 20,195,170	1	2.53%
Wal-Mart Real Estate	3,795,190	2	0.48%
Owens Corning Fiberglas	2,712,960	3	0.34%
Gannett Midwest Publishing	2,706,690	4	0.34%
State Farm Mutual Auto Insurance	2,257,300	5	0.28%
Meijer Stores Limited Partnership	2,154,220	6	0.27%
Sharonbrooke Inn Limited	2,108,890	7	0.26%
HD Development	1,951,710	8	0.24%
BV Network LLD	1,928,010	9	0.24%
Kohl's Department Store	1,818,810	10	0.23%
Total	\$ 41,628,950		\$ 798,837,370

Source: Licking County Auditor's Office

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

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

Tax Year/ Collection Year	Current Levy	Delinquent Levy	Total Levy	Current Collection	Percent of Current Levy Collected
2016/2017	(1)	(1)	(1)	(1)	(1)
2015/2016	28,890,018	2,957,898	31,847,916	27,899,534	96.57%
2014/2015	28,365,346	3,226,488	31,591,834	27,131,371	95.65%
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%

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.

Delinquent Collection	Total Collection	Total Collection As a Percent of Total Levy
(1)	(1)	(1)
1,319,020	29,218,554	91.74%
1,166,491	28,297,862	89.57%
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%

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

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			(a) Total Primary Government	(b) Per Capita	(b) Per ADM	(b) Percentage Personal Income
	General Obligation Bonds	Tax Anticipation Notes	Capital Leases				
2017	\$ 54,872,993	\$ 1,500,000	\$ 205,697	\$ 56,578,690	1,152	9,234	5.29%
2016	57,950,708	1,500,000	252,575	59,703,283	1,255	9,543	5.72%
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%

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**

Fiscal Year	General Obligation Bonds (1)	Fund Balances Restricted for Debt Service	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2017	\$ 54,872,993	\$ (2,044,184)	\$ 52,828,809	2.39%	\$ 1,075
2016	57,950,708	(2,224,901)	55,725,807	2.53%	1,171
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

(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, 2017**

<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	\$ 56,578,690	100.00%	\$ 56,578,690
Overlapping debt:			
City of Newark	12,330,000	92.32%	11,383,056
Licking County	27,406,037	19.55%	5,357,880
Licking County Joint Vocational School	3,560,000	18.85%	671,060
Total overlapping debt	<u>43,296,037</u>		<u>17,411,996</u>
 Total direct and overlapping debt	 <u>\$ 99,874,727</u>		 <u>\$ 73,990,686</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

Fiscal Year	Voted Debt Limit	Total Debt Applicable to Limit (1)	Debt Service Available Balance	Net Debt Applicable to Limit	Voted Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2017	\$ 69,669,540	\$ 50,161,627	\$ 2,044,184	\$ 48,117,443	\$ 21,552,097	69.07%
2016	69,280,867	53,111,627	2,224,901	50,886,726	18,394,141	73.45%
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%

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>
2017	49,134	\$ 21,770	\$1,069,647,180	38.5	6,127	4.4%	4.5%	5.3%
2016	47,573	21,941	1,043,799,193	38.5	6,256	4.1%	4.7%	5.0%
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%

(1) U. S. Census Bureau information for the City of Newark
2017 information reflects estimates from Census Bureau.
2011-2016 information from 2010 Census.
2008-2010 information from 2005 Census.

(2) School District records.

(3) ODJFS Office of Workforce Development - Bureau of Labor Market Information. Rates for August 2017.

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

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

December 31, 2016

Employer	Nature of Business	Employees	Rank
Licking Memorial Hospital	Health Care	1,950	1
State Farm Insurance Company	Insurance	1,180	2
Licking County Government	Government	1,180	3
Newark City Schools	Education	980	4
Anomatic Corp.	Metal Finishers	925	5
OSU-N/COTC	Education	720	6
Walmart	Retail	620	7
Owens Corning, Inc.	Fiberglass Insulation	550	8
Park National Bank Corporation	Banking	540	9
Newark City Government	Government	352	10
Total		8,997	
Total Employment within the City (1)		N/A	

December 31, 2007

Employer	Nature of Business	Employees	Rank
State Farm Insurance Company	Insurance	1,410	1
Newark City Schools	Education	1,367	2
Licking County Government	Government	1,284	3
Licking County Memorial Hospital	Health Care	1,282	4
Anomatic Corp.	Metal Finishers	1,147	5
Owens Corning, Inc.	Fiberglass Insulation	975	6
OSU-N/COTC	Education	671	7
Longaberger, Inc.	Decorative Basket Manufacturer	480	8
Park National Bank Corporation	Banking	586	9
Newark City Government	Government	486	10
Total		9,688	
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**

Type	2017	2016	2015	2014 (1)
Official - administrative	26.0	25.9	24.0	28.6
Professional - educational	443.9	433.5	432.1	431.5
Professional - other	19.0	20.1	18.0	26.7
Technical	42.5	42.9	42.9	40.5
Office - clerical	61.7	62.3	59.4	58.9
Craft & trade	11.0	9.0	9.0	9.0
Operative	32.6	31.0	29.2	29.8
Service worker/laborer	111.7	108.6	101.0	103.7
Total	748.4	733.3	715.6	728.5

Function	2017	2016	2015	2014 (1)
Instruction:				
Regular	309.5	306.1	309.1	315.8
Special	155.7	151.7	141.5	147.3
Vocational	2.0	2.0	3.0	3.0
Other	2.0	2.5	2.5	3.0
Support Services:				
Pupil	39.4	42.2	37.8	42.1
Instructional staff	33.6	27.8	29.8	34.4
Administration	43.5	42.7	37.7	41.6
Fiscal	7.0	8.0	8.0	7.0
Business	6.0	5.0	5.0	5.0
Operations and maintenance	61.6	59.4	59.3	58.0
Pupil transportation	51.2	47.8	43.3	34.6
Central	2.0	1.9	2.0	2.0
Other non-instructional services:				
Food service operations	32.9	34.2	30.2	26.6
Other non-instructional	2.0	2.0	4.4	6.1
Extracurricular activities	0.0	0.0	2.0	2.0
Total Governmental Activities	748.4	733.3	715.6	728.5

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.

2013	2012	2011	2010	2009	2008
27.6	26.0	29.0	26.9	30.0	31.0
425.2	425.6	430.5	429.8	438.0	429.9
26.7	27.7	27.8	23.7	26.3	25.1
41.4	42.9	32.4	28.0	32.7	29.9
60.3	54.3	61.9	59.7	57.5	59.1
9.3	8.3	9.3	9.3	10.0	10.0
26.8	23.2	24.5	30.2	22.1	21.6
99.2	100.6	104.0	107.0	110.7	114.2
716.5	708.6	719.4	714.6	727.4	720.8

2013	2012	2011	2010	2009	2008
307.2	316.8	315.4	317.9	315.6	310.2
95.8	94.9	94.3	95.6	92.9	89.1
4.0	3.5	5.6	5.5	4.6	5.6
3.0	3.0	2.5	2.5	2.5	2.5
43.3	44.4	47.2	41.8	44.5	42.9
71.3	72.5	74.6	72.6	76.3	77.6
42.4	39.0	42.7	42.9	45.9	44.9
8.0	7.0	7.0	6.2	8.0	8.0
6.0	5.0	5.5	5.5	5.5	5.5
60.0	54.5	54.4	55.2	56.5	59.0
35.9	31.9	32.1	29.4	28.2	28.4
3.0	2.0	2.0	3.4	2.0	2.2
30.9	28.8	30.6	30.9	39.4	39.5
3.7	3.3	3.6	3.2	3.4	3.4
2.0	2.0	2.0	2.0	2.0	2.0
716.5	708.6	719.4	714.6	727.4	720.8

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

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2017	2016	2015	2014
Instruction:				
Regular and Special				
Enrollment (students)	6,127	6,256	6,291	6,531
Graduates	308	209	300	308
Support services:				
Board of education				
Regular meetings per year	12	12	12	12
Special meetings per year	12	5	7	6
Administration				
Student attendance rate	94.00%	94.50%	94.20%	94.60%
Fiscal				
Nonpayroll checks issued	2,601	2,617	2,479	2,554
Operations and maintenance				
Square footage maintained	993,282	993,282	993,282	993,282
Pupil transportation				
Avg. students transported daily	2,412	2,222	2,235	2,393
Food service operations				
Lunches served to students	569,849	585,710	586,399	590,987

(1) Information not currently available.

Source: School District records

2013	2012	2011	2010	2009	2008
6,433 266	6,380 323	6,035 316	6,069 291	6,464 317	6,538 284
12 4	11 11	11 12	12 8	11 25	11 12
94.60%	94.70%	94.80%	94.40%	94.30%	94.20%
2,896	3,050	3,384	3,247	3,232	3,273
967,081	876,945	842,928	826,982	853,829	853,829
2,359	2,424	1,851	1,448	1,527	1,565
633,868	668,161	658,822	668,186	779,974	781,780

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

CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Land	\$ 1,970,712	\$ 1,970,712	\$ 1,592,635	\$ 1,592,635
Land improvements	689,207	694,228	730,592	449,426
Buildings and improvements	132,358,997	135,656,952	138,958,985	142,202,567
Furniture, fixtures and equipment	834,302	932,492	729,922	704,736
Vehicles	1,517,578	1,505,857	1,534,832	1,439,343
Construction in progress	<u>2,281,317</u>	<u>1,426,964</u>	<u>48,623</u>	<u>78,536</u>
 Total Governmental Activities Capital Assets, net	 <u>\$ 139,652,113</u>	 <u>\$ 142,187,205</u>	 <u>\$ 143,595,589</u>	 <u>\$ 146,467,243</u>

Source: School District financial records.

Note: Amounts above are presented net of accumulated depreciation.

2013	2012	2011	2010	2009	2008
\$ 1,599,684	\$ 1,617,250	\$ 1,672,643	\$ 1,705,643	\$ 1,712,273	\$ 1,712,273
458,575	136,686	148,742	71,708	91,900	101,368
138,758,171	52,900,901	54,649,612	3,905,946	4,410,773	4,793,956
755,154	835,305	921,553	940,765	1,288,726	1,397,594
1,484,290	1,171,338	1,339,398	1,274,370	1,306,073	1,546,279
4,550,028	82,461,358	59,873,113	83,759,673	73,111,787	60,286,787
<u>\$ 147,605,902</u>	<u>\$ 139,122,838</u>	<u>\$ 118,605,061</u>	<u>\$ 91,658,105</u>	<u>\$ 81,921,532</u>	<u>\$ 69,838,257</u>

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

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

	Tickmark	2017	2016	2015	2014
Ben Franklin Elementary (1954)					
Square feet		44,982	44,982	44,982	44,982
Capacity (students)		350	350	350	350
Enrollment		370	415	446	451
Carson Elementary (2008)	(5)				
Square feet		61,073	61,073	61,073	61,073
Capacity (students)		500	500	500	500
Enrollment		456	502	475	493
Cherry Valley Elementary (2008)	(1)				
Square feet		61,073	61,073	61,073	61,073
Capacity (students)		500	500	500	500
Enrollment		463	470	468	479
Hillview Elementary (2008)	(5)				
Square feet		61,073	61,073	61,073	61,073
Capacity (students)		500	500	500	500
Enrollment		458	458	488	463
John Clem Elementary (1958)	(7)				
Square feet		62,169	62,169	62,169	62,169
Capacity (students)		528	528	528	528
Enrollment		487	499	452	514
Legend Elementary (2007)	(2)				
Square feet		61,073	61,073	61,073	61,073
Capacity (students)		500	500	500	500
Enrollment		555	554	567	543
McGuffey Elementary (1958)	(6)				
Square feet		62,367	62,367	62,367	62,367
Capacity (students)		472	472	472	472
Enrollment		514	525	519	507
Miller Elementary (1969)	(4)				
Square feet		-	-	-	-
Capacity (students)		-	-	-	-
Enrollment		-	-	-	-
Heritage Middle School (2011)	(3),(8)				
Square feet		72,905	72,905	72,905	72,905
Capacity (students)		500	500	500	500
Enrollment		482	501	527	528
Liberty Middle School (2008)	(5)				
Square feet		69,922	69,922	69,922	69,922
Capacity (students)		450	450	450	450
Enrollment		458	476	493	497
Wilson Middle School (1929)					
Square feet		67,950	67,950	67,950	67,950
Capacity (students)		450	450	450	450
Enrollment		388	438	414	444
High School (1961)	(9)				
Square feet		302,094	302,094	302,094	302,094
Capacity (students)		1,523	1,523	1,523	1,523
Enrollment		1,496	1,418	1,442	1,612

2013	2012	2011	2010	2009	2008
44,982	44,982	44,982	44,982	38,632	38,632
350	350	350	350	309	309
424	366	391	368	399	379
61,073	61,073	61,073	61,073	61,073	61,073
500	500	500	500	500	500
507	552	487	562	507	445
61,073	61,073	61,073	61,073	61,073	61,073
500	500	500	500	500	500
462	492	499	470	453	464
61,073	61,073	61,073	61,073	61,073	61,073
500	500	500	500	500	500
472	502	449	456	449	473
62,169	62,169	28,152	28,152	28,152	28,152
528	528	225	225	225	225
579	547	505	499	375	412
61,073	61,073	61,073	61,073	61,073	61,073
500	500	500	500	500	500
556	585	544	545	415	388
62,367	32,562	32,562	32,562	32,562	32,562
472	260	260	260	260	260
497	517	467	473	372	389
-	-	-	-	33,197	33,197
-	-	-	-	265	265
-	-	-	-	383	398
72,905	72,905	72,905	56,959	56,959	56,959
500	500	500	455	455	455
510	472	436	427	444	434
69,922	69,922	69,922	69,922	69,922	69,922
450	450	450	450	450	450
476	484	482	485	490	531
67,950	67,950	67,950	67,950	67,950	67,950
450	450	450	450	387	387
436	442	421	442	456	473
302,094	241,763	241,763	241,763	241,763	241,763
1,523	1,447	1,447	1,447	1,447	1,447
1,514	1,421	1,572	1,626	1,762	1,752

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

SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS - (Continued)

	<u>Tickmark</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Administrative Service Center	(10)				
Square feet		45,201	45,201	45,201	45,201
Transportation and warehouse					
Square feet		21,400	21,400	21,400	21,400

Source: School District records

Note: Year of original construction is in parentheses

Note: For fiscal year 2017, enrollment by building from District May 2017 enrollment. For fiscal years 2016-2008, enrollment by building from ODE Fall Headcount.

Tickmarks

- (1) Cherry Valley moved into a new building in January 2008. The old Cherry Valley building (1916) was demolished
- (2) North Elementary was renamed Legend and moved into a new building in January 2008. The old North building was demolished.
- (3) Lincoln was renamed Heritage beginning of 2007-2008 school year.
- (4) Miller was closed and sold in December 2010.
- (5) Hillview, Liberty and Carson were opened in 2008.
- (6) McGuffey renovations were completed in 2012 increasing capacity and square footage.
- (7) John Clem renovations were completed in 2011 increasing capacity and square footage.
- (8) Heritage moved to a new building in January 2011. The former buiding was demolished.
- (9) High School renovations, demolition and additions started Summer 2010 and was a three year project.
- (10) 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.

2013	2012	2011	2010	2009	2008
19,000	19,000	19,000	19,000	19,000	19,000
21,400	21,400	21,400	21,400	21,400	21,400

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

OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Funds		Governmental Activities		Enrollment	Percent Change
	Expenditures (2)	Cost per pupil	Expenses (2)	Cost per pupil		
2017	\$ 80,961,937	\$ 13,214	\$ 85,915,823	\$ 14,022	6,127	(2.06) %
2016	75,744,646	12,108	76,438,154	12,218	6,256	(0.56) %
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	91,225,049	14,299	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) %

Source: School District financial records

(1) Information not currently available.

(2) Debt Service totals have been excluded.

Teaching Staff	Pupil/Teacher Ratio	Student Attendance Percentage
444	13.80	94.00%
434	14.43	94.50%
432	14.56	94.20%
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%

THIS PAGE IS INTENTIONALLY LEFT BLANK



Rea & associates *a brighter way*

Newark City School District

Licking County, Ohio

*Reports Issued Pursuant to
Government Auditing Standards
And the Uniform Guidance*

For the Fiscal Year Ended
June 30, 2017

Newark City School District
Licking County, Ohio
Table of Contents
June 30, 2017

	<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 the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	6
Notes to the Schedule of Expenditures of Federal Awards.....	7
Schedule of Findings and Questioned Costs.....	8

December 15, 2017

To the Board of Education and Management
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 the Newark City School District, Licking County, Ohio (the "District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2017.

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 opinion 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

December 15, 2017

To the Board of Education and Management
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 the Uniform Guidance**

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, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit or 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, 2017.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 15, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic 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 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Rea & Associates, Inc.

Dublin, Ohio

This page intentionally left blank.

Newark City School District
Licking County, Ohio
Schedule of Expenditures of Federal Awards
For The Fiscal Year Ended June 30, 2017

Federal Grantor/Pass Through Grantor Program Title	Grant Year/ Direct Award No.	CFDA Number	Federal Expenditures	Passed Through to Subrecipients
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education:</i>				
<i>Title I:</i>				
Title I Grants to Local Educational Agencies	2016	84.010	\$ 293,759	\$ 0
Title I Grants to Local Educational Agencies	2017	84.010	2,314,065	0
Total Title I Grants to Local Educational Agencies			2,607,824	0
<i>Special Education Cluster:</i>				
Special Education - Grants to States	2016	84.027	143,853	0
Special Education - Grants to States	2017	84.027	1,164,906	0
Total Special Education - Grants to States			1,308,759	0
Special Education - Preschool Grants	2016	84.173	3,951	0
Special Education - Preschool Grants	2017	84.173	32,614	0
Total Special Education - Preschool Grants			36,565	0
<i>Total Special Education Cluster</i>			1,345,324	0
21st Century Community Learning Centers	2016	84.287	39,931	0
21st Century Community Learning Centers	2017	84.287	460,485	0
Total 21st Century Community Learning Centers			500,416	0
Title II-A - Improving Teacher Quality	2016	84.367	39,770	0
Title II-A - Improving Teacher Quality	2017	84.367	304,602	0
Total Title II-A - Improving Teacher Quality			344,372	0
Total U.S. Department of Education			\$ 4,797,936	\$ 0
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education:</i>				
<i>Child Nutrition Cluster:</i>				
<i>Non-Cash Assistance (Food Distribution):</i>				
School Breakfast Program	2017	10.553	\$ 46,013	0
National School Lunch Program	2017	10.555	109,543	0
<i>Non-Cash Assistance Subtotal</i>			155,556	0
<i>Cash Assistance:</i>				
School Breakfast Program	2017	10.553	653,110	0
National School Lunch Program	2017	10.555	1,554,849	0
<i>Cash Assistance Subtotal</i>			2,207,959	0
<i>Total Child Nutrition Cluster</i>			2,363,515	0
Total U.S. Department of Agriculture			2,363,515	0
TOTAL FEDERAL ASSISTANCE			\$ 7,161,451	\$ 0

Newark City School District
Licking County, Ohio
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2017

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Newark City School District (the District) under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE D – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.

Newark City School District
Licking County, Ohio
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
June 30, 2017

1. SUMMARY OF AUDITOR'S RESULTS
--

(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)	Were 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 2 CFR § 200.516(a)?	No
(d) (1) (vii)	Major Programs (list): Child Nutrition Cluster	CFDA # 10.555 & 10.553
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

None

This page 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 20, 2018**