

Newark City School District Licking County, Ohio

* * * *

Audit Report Letters

June 30, 2010



Dave Yost • Auditor of State

Board of Education
Newark City School District
85 East Main Street
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, 2009 through June 30, 2010. 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 14, 2011

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NEWARK CITY SCHOOL DISTRICT

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

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

December 17, 2010

To the Board of Education
Newark City School District
Newark, Ohio

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 Newark City District, Licking County, Ohio, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 17, 2010, in which we noted the financial statement for the Par Excellence Academy, one of the District's discretely presented component units, was audited by another auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

Newark City School District
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*
Page 2

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2010-01 to be a material weakness.

Compliance and Other Matters

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

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

We noted certain matters that we reported to management of the District in a separate letter dated December 17, 2010

This report is intended solely for the information and use of management, Board of Education, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

Rea & Associates, Inc.



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

December 17, 2010

To the Board of Education
Newark City School District
Newark, Ohio

Compliance

We have audited the compliance of Newark City School District, Licking County, Ohio, (the District) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the 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, 2010.

Internal Control over Compliance

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Newark City School District, Licking County, Ohio, as of and for the year ended June 30, 2010, and have issued our report thereon dated December 17, 2010. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, Board of Education, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

Hea & Associates, Inc.

**NEWARK CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Grant Year	Federal Receipts	Federal Disbursements
U.S. Department of Education				
<i>Passed Through Ohio Department of Education:</i>				
<i>Title I Cluster</i>				
Title I	84.010	2009	\$ 117,244	\$ 258,783
Title I	84.010	2010	1,991,466	2,057,388
Title I - ARRA	84.389	2010	739,485	749,736
Total Title I Cluster			<u>2,848,195</u>	<u>3,065,907</u>
<i>Special Education Cluster</i>				
IDEA-B	84.027	2009	87,422	149,806
IDEA-B	84.027	2010	1,349,886	1,274,061
IDEA-B - ARRA	84.391	2010	468,118	474,882
Total IDEA-B			<u>1,905,426</u>	<u>1,898,749</u>
Early Childhood Special Education	84.173	2009	3,286	4,387
Early Childhood Special Education	84.173	2010	24,070	23,194
Early Childhood Special Education - ARRA	84.392	2010	51,302	47,330
Total Preschool Grants			<u>78,658</u>	<u>74,911</u>
<i>Total Special Education Cluster</i>			<u>1,984,084</u>	<u>1,973,660</u>
Safe and Drug-Free Schools and Communities	84.186	2009	1,767	2,589
Safe and Drug-Free Schools and Communities	84.186	2010	38,951	37,227
Total Safe and Drug-Free Schools and Communities			<u>40,718</u>	<u>39,816</u>
Twenty First Century Community Learning Center	84.287	2009	125,699	125,699
Twenty First Century Community Learning Center	84.287	2010	391,163	417,197
Total Twenty First Century Community Learning Center			<u>516,862</u>	<u>542,896</u>
Title V	84.298	2009	13,176	13,176
Total Title V			<u>13,176</u>	<u>13,176</u>
Title II-D	84.318	2009	15,556	15,700
Title II-D	84.318	2010	5,000	0
Title II-D	84.318	2010	28,173	28,982
Total Title II-D			<u>48,729</u>	<u>44,682</u>
Title II-A	84.367	2009	29,257	58,027
Title II-A	84.367	2010	358,285	340,626
Total Title II-A			<u>387,542</u>	<u>398,653</u>
State Fiscal Stabilization Fund - ARRA	84.394	2010	1,652,678	1,652,678
Total State Fiscal Stabilization Fund			<u>1,652,678</u>	<u>1,652,678</u>
<i>Total Passed Through Ohio Department of Education</i>			<u>7,491,984</u>	<u>7,731,468</u>
<i>Direct Awards:</i>				
School-Based Student Drug Testing	84.184D	2009-Q184D070013	4,443	4,443
School-Based Student Drug Testing	84.184D	2010-Q184D070013	45,560	46,751
Total School-Based Student Drug Testing			<u>50,003</u>	<u>51,194</u>
<i>Total Direct Awards</i>			<u>50,003</u>	<u>51,194</u>
Total U.S Department of Education			<u>7,541,987</u>	<u>7,782,662</u>

See notes to the schedule of expenditures of federal awards.

NEWARK CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Grant Year	Federal Receipts	Federal Disbursements
U.S. Department of Health & Human Services				
<i>Passed through Ohio Developmental Disabilities Council:</i>				
Developmental Disabilities Basic Support & Advocacy Grants	93.630	06-2D/09	\$ 3,011	\$ 3,053
Total Developmental Disabilities Basic Support & Advocacy Grants			3,011	3,053
Total U.S Department of Health & Human Services			3,011	3,053
U.S. Department of Agriculture				
<i>Passed through Ohio Department of Education:</i>				
<i>Child Nutrition Cluster</i>				
National School Breakfast Program	10.553	2010	238,806	238,806
Total National School Breakfast Program			238,806	238,806
<i>Cash Assistance:</i>				
National School Lunch Program	10.555	2009	3,578	3,578
National School Lunch Program	10.555	2010	1,305,185	1,305,185
Total Cash Assistance			1,308,763	1,308,763
<i>Non-Cash Assistance:</i>				
National School Lunch Program	10.555	2010	115,042	115,042
Total Non-Cash Assistance			115,042	115,042
Total National School Lunch Program			1,423,805	1,423,805
<i>Total Child Nutrition Cluster</i>			<i>1,662,611</i>	<i>1,662,611</i>
Cafeteria Equipment Assistance - ARRA	10.579	2010	14,319	14,319
Total Cafeteria Equipment Assistance			14,319	14,319
Fresh Fruit & Vegetable Program	10.582	2010	11,026	11,026
Total Fresh Fruit & Vegetable Program			11,026	11,026
Total Department of Agriculture			1,687,956	1,687,956
Total Federal Financial Assistance			\$ 9,232,954	\$ 9,473,671

See notes to the schedule of expenditures of federal awards.

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

**NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

Note A – Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes activity of the District's federal awards programs. The Schedule has been prepared using the cash basis of accounting.

Note B - Child Nutrition Cluster

Federal money commingled with state subsidy reimbursements. It is assumed federal moneys are expended first.

Note C – Food Donation Program

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

Note D - Transfers

The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30 and spent by September 30). However, with Ohio Department of Education's (ODE) approval, a district can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. During fiscal year 2010, the ODE authorized the following transfers:

<u>CFDA #</u>	<u>Grant Title</u>	<u>Grant Year</u>	<u>Transfers Out</u>	<u>Transfers In</u>
84.027	IDEA Part B	2009	\$ 8,614	
84.027	IDEA Part B	2010		\$ 8,614

**NEWARK CITY SCHOOL DISTRICT
LICKING COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 , SECTION .505
FOR THE YEAR ENDED JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d) (1) (ii)	Were there any other significant deficiencies in internal control 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 in internal control reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list): Title I Cluster Special Education Cluster State Fiscal Stabilization Fund	CFDA #'s 84.010 and 84.389 84.027, 84.391, 84.173 and 84.392 84.394
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

Finding Number: 2010-01

Criteria: In 2010, the American Institute of Certified Public Accountants (AICPA), the national professional organization for certified public accountants, issued its Statement on Auditing Standards (SAS) No. 115, Communicating Internal Control Related Matters Identified in an Audit, which supersedes SAS No. 112. This standard became effective for audits of financial statements for periods ending on or after December 15, 2009.

The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. SAS No. 115 establishes standards, responsibilities and guidance for auditors during a financial statement audit engagement for identifying and evaluating a client's internal control over financial reporting. This new standard requires the audit to report in writing to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses. To this end, SAS No. 115 lists specific control deficiencies that should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

NEWARK CITY SCHOOL DISTRICT
LICKING COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 , SECTION .505
FOR THE YEAR ENDED JUNE 30, 2010
(Continued)

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

Finding Number: 2010-01 (continued)

Condition: There were material audit adjustments and a restatement of opening balances made to the financial statements presented for audit.

Cause: There were two factors that resulted in the adjustments to the financial statements, each independent of the other, identified below:

The Ohio Schools Facility Commission Project construction in progress was calculated using the capital outlay codes from the Uniform School Accounting System reported in the capital projects funds. Utilizing these codes, in the current and prior years, overstated the costs that were capitalized. The District maintains lists, by building, that track all costs relating to the project that will be capitalized according to District policy. The District did not have controls or procedures in place to reconcile the additions presented from the financial statement preparer to District prepared summaries to total construction in progress.

In addition, the income tax receivable did not include June collections. Per the Auditor of State Implementation Guide, employers are required to withhold school district income tax from their employees and to pay the withheld amount to the State at least quarterly. The State distributes the income tax to the District on a quarterly basis, within thirty days of the end of each calendar quarter ending the last day of March, June, September and December. The underlying exchange has occurred for income tax withheld by employers and distributed to the school district in July and should be accrued. The State will not have collected all of these exchanges as of June 30 because of withholding payment guidelines. Due to the timing of posting by the Ohio Department of Taxation, the receipts posted for the month of July are for June and need to be included in the receivable.

Effect: The result of the condition above resulted in restatement of beginning net assets to correct an overstatement in the amount of \$4,296,897. In addition, there was an adjustment posted to current year additions to reclass construction in progress to an expense in the amount of \$144,418, which related to quantity purchases. These additions were not included in the District's construction in progress summary. The error in the income taxes receivable calculation above resulted in net assets being understated by \$549,475 for June withholdings collected in July and remitted in October.

Recommendation: It is recommended that the District implement procedures to reconcile construction in progress additions on the financial statements to the support prepared by District staff. Also, procedures should be designed to account for the June income tax collections that are not remitted to the District until the subsequent quarter.

Client Response: The District has discussed these adjustments with the financial statement preparer. The District has established procedures to reconcile additions and disposals of construction in progress between the District's summaries and the amounts reported in the financial statements. Furthermore, we have advised the financial statement preparer of the June income tax receivable and have been assured that this amount will be recorded in the future. We are confident that these issues have been resolved and will not present themselves in the future.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None were noted.



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ending June 30, 2010



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

OF THE

**NEWARK CITY
SCHOOL DISTRICT**

FOR THE

FISCAL YEAR ENDED JUNE 30, 2010

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

85 EAST MAIN STREET

NEWARK, OHIO 43055

INTRODUCTORY SECTION

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**NEWARK CITY SCHOOL DISTRICT
LICKING COUNTY, OHIO**
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
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Administrative Service Center
85 East Main Street
Newark, Ohio 43055
(740) 345-9891
www.newarkcityschools.org

December 20, 2010

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

We are pleased to submit to you the twelfth Comprehensive Annual Financial Report (CAFR) of the Newark City School District (the "District"). This CAFR, which includes an opinion from Rea and 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 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 and 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 compliment 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 14 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 46,279 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 the 2009-2010 school year, the District had approximately 6,069 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 with 1,748 students.

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, 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 primary level of budgetary control required by Ohio Revised Code is at the fund level. The level of budgetary control imposed by the District (the level at which expenditures cannot legally exceed the appropriated amount) is established at the broad object level (first level) for the general fund and at the fund level for all other funds. Any budgetary modifications at these levels 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: State Farm Insurance, Newark Board of Education, Licking County, Licking Memorial Hospital, 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.

Although the District had been impacted by the national recession in fiscal years 2003 and 2004 regarding income tax, the District experienced a 5.3% increase in collections of income tax in fiscal year 2005, an increase of .5% in fiscal year 2006, an increase of 5.6% in fiscal year 2007, and an increase of 16.5% in fiscal year 2008. Fiscal year 2009 collections decreased 3.5% signaling the start of the current economic downturn of local businesses. Fiscal year 2010 collections continued to decline.

Long-Term Financial Planning

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

The District uses the five-year forecast to provide a basis for making financial decisions, including the construction of the annual budget, adjustments to staffing levels, collective bargaining, and the placement of tax levies on the ballot. Specific examples of recent decisions that have resulted in the improvements in the District's financial condition include the Board instituting \$5.1 million in cuts for fiscal year 2008 and the passage of the five year 7.5 mil emergency operating on May 5, 2009. The District was successful in passing the renewal of the income tax in May 2007 for another five years. This income tax will be the next ballot issue for the voters to consider for renewal before the income tax expires in December 2012.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Accomplishments for 2010

Financial

The District received the Certificate of Excellence in Financial Reporting from the Government Finance Officers Association for the eleventh consecutive year.

The District received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association for the tenth consecutive year.

Instruction

The District achieved the status of Continuous Improvement on the state of Ohio's District Report Card.

Achievement Tests

State and federal law requires testing students in grades 3 - 8 and grade 10 in various subjects. During 2010 - 2011, the following tests will be administered:

- 3rd grade - reading and math
- 4th grade - reading, and math
- 5th grade - reading, math, and science
- 6th grade - reading and math
- 7th grade - reading, and math
- 8th grade - reading, math, and science
- 10th grade- reading, writing, math, science, and social studies

11th and 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 2014.

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

Reading	90.6%
Writing	93.4%
Math	89.4%
Science	82.4%
Social Studies	91.1%

Initiatives for 2011

Financial

To receive the Certificate of Excellence in Financial Reporting from the GFOA for the District's 2010 CAFR.

To receive the Award for Outstanding Achievement in Popular Annual Financial Reporting from the GFOA for the 2010 Popular Annual Financial Report.

Instruction

- To regain the District's Effective status and make progress towards becoming the first urban school district in Ohio to achieve Excellent status
- To achieve Adequate Yearly Progress as measured by the District's report card by improving the scores of students with disabilities in reading
- To implement Year 3 of the Corrective Action/Focused Monitoring Plan and Response to Intervention, including the purchase of Tier 3 reading interventions with stimulus funds
- To continue, if necessary, to purchase Tier 1 and Tier 2 reading interventions for students with disabilities
- To evaluate our elementary and middle school social studies curriculum and purchase instructional materials as necessary

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, 2009.

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

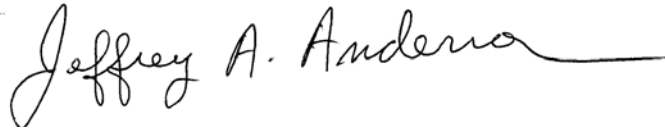
Acknowledgements

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

Respectfully submitted,



Douglas C. Ute
Superintendent



Jeffrey A. Anderson
Treasurer

NEWARK CITY SCHOOL DISTRICT

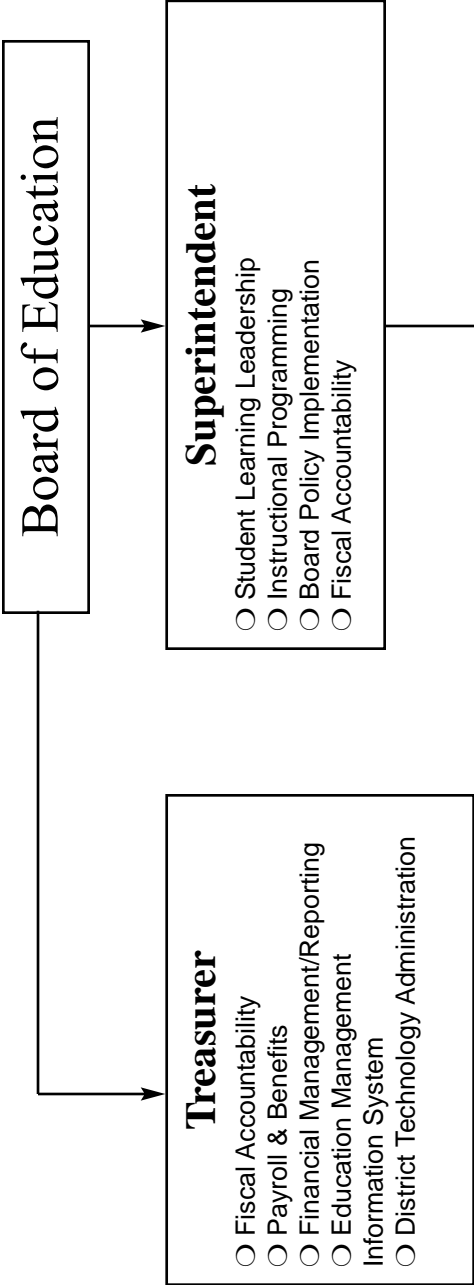
PRINCIPAL OFFICERS

Board of Education

Molly Ingold	Board Member, President (3/9/04-12/31/11)
Beverly Niccum	Board Member, Vice President (1/1/10-12/31/13)
Dan Bybee	Board Member, (1/1/10-12/31/13)
Mark Christenberry	Board Member, (1/1/08-12/31/11)
Robert Handelman	Board Member, (1/1/04-12/31/11)

Administration

Keith Richards	Superintendent - (Hired 8/1/02-7/31/09)
Douglas Ute	Superintendent - (Hired 8/1/09)
Jeffrey Anderson	Treasurer - (Hired 2/28/09)
David Altepeter	Director Classified Personnel/Support Services - (Hired 7/8/96)
Barbara Quackenbush	Director, Certificated Personnel (Hired 2/22/10)
Dana Herreman	Director of Curriculum & Staff Development - (Hired 9/1/77)
Bobbie Reeves	Assistant Director of Curriculum - (Hired 9/2/1980 – 6/30/10)
Jean Brown	Co-Director of Special Education - (Hired 8/1/06)
Mark Severance	Co-Director of Special Education - (Hired 7/31/92)
Fran Russ	Director of Communications - (Hired 12/01/08)



Board of Education

Treasurer

- Fiscal Accountability
- Payroll & Benefits
- Financial Management/Reporting
- Education Management Information System
- District Technology Administration

Superintendent

- Student Learning Leadership
- Instructional Programming
- Board Policy Implementation
- Fiscal Accountability

Assistant Superintendent

- Building-level Leadership and Development
- Board Policy Development
- District Testing
- District Planning
- Enrollment & Transfers
- Custody & Foster Care

Director of Certified Personnel

- Recruitment and selection of Certified staff
- Contract negotiation and management
- Administrative development

Director of Classified Personnel & Support Services

- Recruitment and selection of Classified staff
- Contract negotiation and management
- Maintenance/Buildings/Grounds
- Printing/Duplicating
- Secretarial Services
- Transportation
- Warehouse
- District Attendance Areas
- Risk Management

Director of Curriculum & Staff Development

- Textbook and Instructional material
- Ohio Dept. of Education
- Accountability/CIP
- Grant & Entitlement Administration
- Supplemental Student Services & Programs
- Teacher Development

Director of Communication

- District Communication Planning
- Public Engagement
- Media Relations
- Broadcast Management
- Publications
- Crisis Planning & Management
- Web Site Management

Directors of Special Education (2)

- Leadership for Special Education Services
- Identification and placement of Special Education students
- Compliance with Special Education laws
- Training and supervision of Special Education staff

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, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

FINANCIAL SECTION

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

December 17, 2010

The Board of Education
Newark City School District
85 E. Main St.
Newark, Ohio 43055

INDEPENDENT AUDITOR'S REPORT

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 Newark City School District (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Par Excellence Academy; one of Newark City School District's discretely presented component units, which represent .23 percent, .34 percent and 1.29 percent, respectively, of the assets, net assets and revenues of the reporting entity. Par Excellence Academy financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Par Excellence Academy is based on the report of the other auditors.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, 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 District, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 14 through 23 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund statements and other schedules, listed in the table of contents as supplementary information, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material aspects, in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Hea & Associates, Inc.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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, 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole; 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 2010 are as follows:

- The District restated net assets at June 30, 2009 as described in Note 3.D to the basic financial statements. In total, net assets of governmental activities increased \$9,280,479 which represents a 9.64% increase from 2009.
- General revenues accounted for \$63,518,055 in revenue or 82.66% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$13,327,701 or 17.34% of total revenues of \$76,845,756.
- The District had \$67,565,277 in expenses related to governmental activities; only \$13,327,701 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 \$63,518,055 were adequate to provide for these programs.
- The District's major governmental funds include the general fund and classroom facilities fund. The general fund had \$56,396,896 in revenues and other financing sources and \$51,396,898 in expenditures and other financing uses. During fiscal 2010, the general fund's fund balance increased \$4,999,998 from \$6,328,938 to \$11,328,936.
- The classroom facilities fund had \$17,485,495 in revenues and \$14,503,632 in expenditures and other uses. During fiscal year 2010, the classroom facilities fund balance increased by \$2,981,863 from \$11,981,393 to \$14,963,256.

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 assets 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 the classroom facilities fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Reporting the District as a Whole

Statement of Net Assets 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 2010?" The statement of net assets and statement of activities answer this question. These statements include all assets, liabilities, 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 assets and changes in those assets. This change in net assets 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 assets and statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance, pupil transportation, extracurricular activities, operation of non-instructional services, and food service operations.

The statement of net assets and statement of activities can be found on pages 24-26, 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 21. 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 classroom facilities 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 assets 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 27-30 and the budgetary statement for the general fund can be found on page 31.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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 dental benefits to employees. The basic proprietary fund financial statements can be found on pages 32-34 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 assets and changes in fiduciary net assets on pages 35 and 36. 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 37-76 of this report.

The District as a Whole

Recall that the statement of net assets provides the perspective of the District as a whole. A comparative analysis for government-wide financial statements using the full accrual basis of accounting is presented below. The net assets of the District were restated at June 30, 2009 as described in Note 3.D to the basic financial statements.

	Governmental Activities	
	2010	Restated 2009
<u>Assets</u>		
Current assets	\$ 117,140,466	\$ 119,623,571
Capital assets, net	89,826,897	76,921,892
Total assets	206,967,363	196,545,463
<u>Liabilities</u>		
Current liabilities	30,035,223	26,934,225
Long-term liabilities	71,428,773	73,388,350
Total liabilities	101,463,996	100,322,575
<u>Net Assets</u>		
Invested in capital assets, net of related debt	33,251,985	20,934,141
Restricted	67,827,213	76,109,543
Unrestricted (deficit)	4,424,169	(820,796)
Total net assets	\$ 105,503,367	\$ 96,222,888

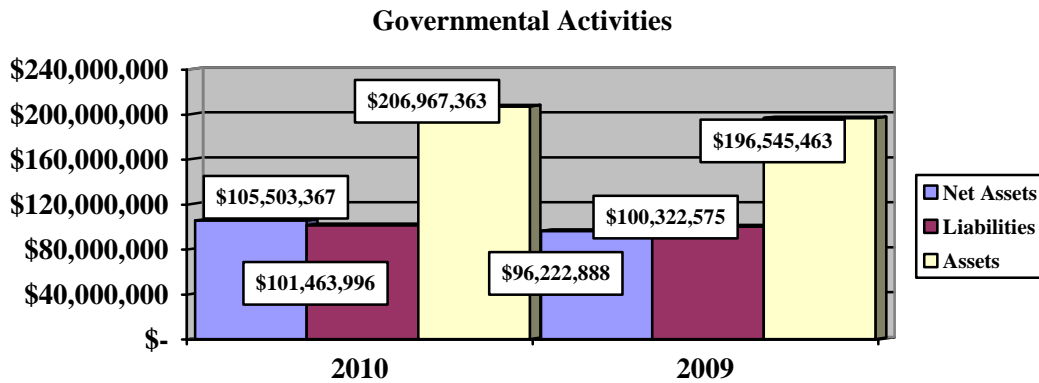
Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2010, the District's assets exceeded liabilities by \$105,503,367.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

At year-end, capital assets represented 43.40% of total assets. Capital assets include land, land improvements, buildings and improvements, construction in progress, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2010, were \$33,251,985. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$67,827,213, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets was \$4,424,169. The table below illustrates the District's assets, liabilities and net assets at June 30, 2010 and 2009.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The table below shows the changes in net assets for governmental activities for fiscal year 2010 compared to fiscal year 2009. The net assets of the District were restated at June 30, 2009 as described in Note 3.D to the basic financial statements.

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>Restated 2009</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,994,375	\$ 2,446,896
Operating grants and contributions	10,803,326	11,672,182
Capital grants and contributions	530,000	440,110
General revenues:		
Property taxes	25,779,690	20,680,938
School district income taxes	7,674,450	7,672,584
Grants and entitlements	29,336,925	25,173,592
Ohio School Facilities Commission	-	73,546,948
Gain on sale of capital assets	76,724	-
Investment earnings	215,269	534,004
Other	<u>434,997</u>	<u>472,314</u>
Total revenues	<u>76,845,756</u>	<u>142,639,568</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	28,912,330	28,042,461
Special	8,652,532	7,867,634
Vocational	476,722	482,489
Other	538,181	587,205
Support services:		
Pupil	3,141,826	3,268,163
Instructional staff	4,521,869	4,650,488
Board of Education	209,247	257,859
Administration	3,512,967	3,597,685
Fiscal	1,145,723	1,156,392
Business	669,134	629,211
Operations and maintenance	5,783,283	5,472,649
Pupil transportation	2,354,922	1,950,329
Central	847,739	1,071,009
Operation of non-instructional services:		
Food service operations	2,247,871	2,850,515
Other non-instructional services	593,413	748,448
Extracurricular activities	960,411	1,011,699
Interest and fiscal charges	<u>2,997,107</u>	<u>3,064,035</u>
Total expenses	<u>67,565,277</u>	<u>66,708,271</u>
Changes in net assets	9,280,479	75,931,297
Net assets at beginning of year (restated)	<u>96,222,888</u>	<u>20,291,591</u>
Net assets at end of year	<u>\$ 105,503,367</u>	<u>\$ 96,222,888</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Governmental Activities

Net assets of the District's governmental activities increased \$9,280,479. Total governmental expenses of \$67,565,277 were offset by program revenues of \$13,327,701, and general revenues of \$63,518,055. Program revenues supported 19.73% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, school district income taxes, and grants and entitlements. These three sources of revenue total \$62,791,065 and represent 81.71% of total governmental revenue. Real estate property is reappraised every six years. As a result of the latest reappraisal by Licking County in 2005, the District's tax valuation increased by 10.47% that year. With the increase in property valuation and the repeal of two property tax levies in 1998, the District is now operating at the 20 mill floor which is the state minimum required property tax funding for a school district's operations. Due to this, the District is able to receive the full advantage of property tax valuation increases.

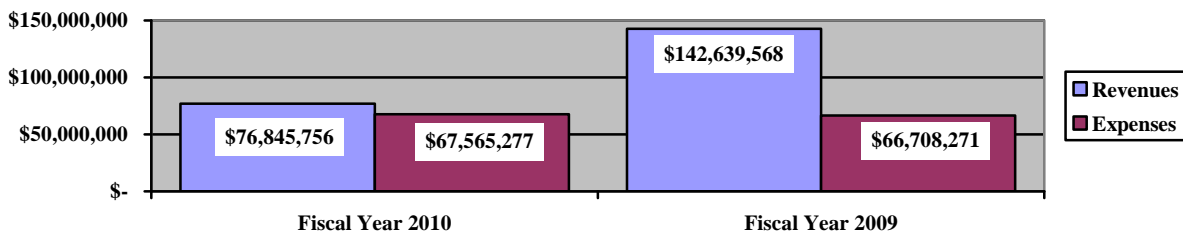
Voters approved the school district income tax operating levy in November 1997. This levy, which generates approximately \$7.5 million per year, is expected to provide revenue for general fund operating expenses.

Voters approved a 5.9 mill property tax levy in November 2004. The District began receiving the tax revenues during fiscal year 2005. This levy is expected to provide for repayment of bonds which were issued during fiscal year 2005 in the amount of \$50,000,000 in order to fund the construction and renovation of school facilities. An additional \$20,000,000 in bonds was issued during fiscal year 2006 for the ongoing construction projects.

Voters approved a 7.5 mill additional property tax levy in May 2009. The District began receiving the tax revenue during fiscal year 2010. This levy is expected to provide revenue for general fund operating expenses.

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2010 and 2009.

Governmental Activities - Revenues and Expenses



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 2010 compared to 2009. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

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

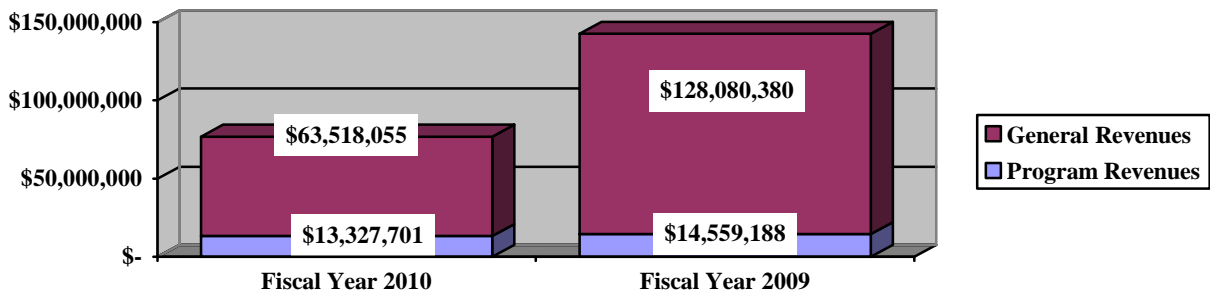
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2010	2010	2009	2009
Program expenses:				
Instruction:				
Regular	\$ 28,912,330	\$ 26,061,258	\$ 28,042,461	\$ 25,159,090
Special	8,652,532	5,912,304	7,867,634	3,643,478
Vocational	476,722	410,244	482,489	416,494
Other	538,181	128,144	587,205	165,455
Support services:				
Pupil	3,141,826	2,802,255	3,268,163	2,976,678
Instructional staff	4,521,869	1,949,945	4,650,488	2,801,940
Board of Education	209,247	167,952	257,859	257,859
Administration	3,512,967	3,234,989	3,597,685	3,380,212
Fiscal	1,145,723	1,118,199	1,156,392	1,105,445
Business	669,134	669,134	629,211	629,211
Operations and maintenance	5,783,283	5,176,932	5,472,649	4,968,253
Pupil transportation	2,354,922	2,317,569	1,950,329	1,662,003
Central	847,739	817,983	1,071,009	1,021,740
Operation of non-instructional services:				
Food service operations	2,247,871	(61,318)	2,850,515	240,052
Other non-instructional services	593,413	(59,409)	748,448	103,476
Extracurricular activities	960,411	594,288	1,011,699	553,662
Interest and fiscal charges	2,997,107	2,997,107	3,064,035	3,064,035
Total expenses	<u>\$ 67,565,277</u>	<u>\$ 54,237,576</u>	<u>\$ 66,708,271</u>	<u>\$ 52,149,083</u>

The dependence upon tax and other general revenues for governmental activities is apparent, 84.27% of instruction activities, which total \$38,579,765, are supported through taxes and other general revenues. For all governmental activities, general revenue support is 80.27%.

The graph below presents the District's general and program revenues for fiscal years 2010 and 2009.

Governmental Activities - General and Program Revenues



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

The District's Funds

The District's governmental funds (as presented on the balance sheet on page 27) reported a combined fund balance of \$40,683,453, which is higher than last year's total of \$30,149,755. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2010 and 2009.

	Fund Balance <u>June 30, 2010</u>	Fund Balance <u>June 30, 2009</u>	<u>Increase</u>
General	\$ 11,328,936	\$ 6,328,938	\$ 4,999,998
Classroom Facilities	14,963,256	11,981,393	2,981,863
Other Governmental	<u>14,391,261</u>	<u>11,839,424</u>	<u>2,551,837</u>
Total	<u>\$ 40,683,453</u>	<u>\$ 30,149,755</u>	<u>\$ 10,533,698</u>

General Fund

The District's general fund balance increased \$4,999,998.

	<u>2010 Amount</u>	<u>2009 Amount</u>	<u>Percentage Change</u>
<u>Revenues</u>			
Taxes	\$ 26,141,751	\$ 22,366,217	16.88 %
Tuition	643,778	621,504	3.58 %
Earnings on investments	176,533	347,082	(49.14) %
Intergovernmental	28,340,444	26,726,386	6.04 %
Other revenues	<u>1,009,780</u>	<u>1,017,852</u>	(0.79) %
Total	<u>\$ 56,312,286</u>	<u>\$ 51,079,041</u>	10.25 %
	<u>2010 Amount</u>	<u>2009 Amount</u>	<u>Percentage Change</u>
<u>Expenditures</u>			
Instruction	\$ 32,725,023	\$ 31,696,664	3.24 %
Support services	17,935,490	18,224,988	(1.59) %
Operation of non-instructional services	3,171	1,870	69.57 %
Extracurricular activities	<u>658,564</u>	<u>676,188</u>	(2.61) %
Total	<u>\$ 51,322,248</u>	<u>\$ 50,599,710</u>	1.43 %

The decrease in earnings on investments was due to decreases in investable balances. Taxes increased as a result of an operating levy passed in May of 2009. The District began receiving revenues from the operating levy in January 2010. Overall, total revenues remained consistent with the previous year. In total, the overall increase in expenditures was not significant in the general fund. Expenditures were controlled primarily through reducing staff through attrition.

Classroom Facilities Fund

The classroom facilities fund had \$17,485,495 in revenues and \$14,503,632 in expenditures and other uses. During fiscal year 2010, the classroom facilities fund balance increased by \$2,981,863 from \$11,981,393 to \$14,963,256. The increase in fund balance was a result of the Ohio School Facilities Commission (OSFC) project.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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 2010, the original and final budgeted revenues and other financing sources were \$53,877,910 and \$53,873,185, respectively. Actual revenues and other financing sources for fiscal year 2010 were \$55,477,407. Actual revenues and other financing sources were \$1,604,222 higher than final budgeted revenues. The variances in budgeted revenues were primarily caused by changes in estimates for taxes and intergovernmental revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$54,684,307 were increased to \$55,184,307 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2010 totaled \$53,917,726, which was \$1,266,581 lower than the final budget appropriations. The variances in budgeted expenditures were primarily caused by changes in estimates for other financing uses.

Capital Assets and Debt Administration

Capital Assets

During fiscal year 2010, the District restated capital assets at June 30, 2009 due to construction in progress that should not have been reported (see Note 3.D for details). At the end of fiscal 2010, the District had \$89,826,897 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 2010 balances compared to 2009:

	Capital Assets at June 30 (Net of Depreciation)	
	<u>Governmental Activities</u>	
	<u>2010</u>	<u>Restated 2009</u>
Land	\$ 1,705,643	\$ 1,712,273
Land improvements	71,708	91,900
Building and improvements	3,905,946	4,410,773
Furniture and equipment	940,765	1,288,726
Vehicles	1,274,370	1,306,073
Construction in progress	<u>81,928,465</u>	<u>68,112,147</u>
Total	<u>\$ 89,826,897</u>	<u>\$ 76,921,892</u>

Total additions to capital assets for 2010 were \$14,223,143 and total disposals were \$205,830 (net of accumulated depreciation). Depreciation recorded for the fiscal year totaled \$1,112,308.

The overall increase in capital assets of \$12,905,005 is primarily due to the District's construction of new buildings and renovations of existing buildings using the school improvement bonds issued during a previous fiscal year and OSFC grant revenues.

See Note 8 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, 2010**

Debt Administration

At June 30, 2010, the District had \$67,928,845 in general obligation bonds. Of this total, \$1,980,000 is due within one year and \$65,948,845 is due in greater than one year. The following table summarizes the bonds, notes and lease obligations outstanding at June 30, 2010 and 2009.

	Outstanding Debt, at Year End	
	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
General obligation bonds:		
Library improvement	\$ 5,143,845	\$ 5,405,868
School improvement	<u>62,785,000</u>	<u>64,390,000</u>
Total	<u>\$ 67,928,845</u>	<u>\$ 69,795,868</u>

At June 30, 2010, the District's overall legal debt margin was \$8,086,631 with an unvoted debt margin of \$798,850.

See Note 9 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 2009 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 2011. The District cash balance is expected to be depleted by the end of fiscal year 2012. This was made possible by the Board adopting \$5.1 million in expenditure cuts for fiscal year 2009 after the defeat of a new operating levy in November 2006. The future financial stability is not without challenges.

The first challenge facing the District is fluctuating enrollment. In the past, three-year averaging of enrollment was employed in the state school funding formula to temper drastic declines in state revenue. Any decline in enrollment will result in immediate reductions in state funding. Enrollment was down by 89 funded students for fiscal year 2009. Fiscal year 2010 enrollment is expected to remain at fiscal year 2009 levels or decrease slightly.

In conclusion, the District, for the short term, is in better shape because of the \$5.1 million in cuts made in fiscal year 2009. The District's income tax renewal levy was successful in May 2008 for an additional five years. The tax payers passed a 7.5 mil additional operating levy on the May 5, 2009 ballot. The District will continue to look at ways to increase revenues or contain expenditures. No additional cuts are planned at this time.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Jeffery A. Anderson, Treasurer at Newark City School District, 85 East Main Street, Newark, Ohio 43055.

**BASIC
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government	Component Units	
	Governmental Activities	Newark Digital Academy	Par Excellence Academy
Assets:			
Equity in pooled cash and cash equivalents.	\$ 42,298,674	\$ 624,377	\$ 383,626
Receivables:			
Property taxes	27,517,216	-	-
School district income taxes	2,947,883	-	-
Accounts.	19,789	-	18
Intergovernmental	43,966,858	36,454	46,434
Accrued interest	4,171	-	-
Prepayments	58,049	-	-
Materials and supplies inventory.	30,944	-	-
Unamortized bond issue cost	296,882	-	-
Capital assets:			
Land and construction-in-progress.	83,634,108	6,630	-
Depreciable capital assets, net.	6,192,789	102,430	47,634
Total capital assets, net.	<u>89,826,897</u>	<u>109,060</u>	<u>47,634</u>
Total assets.	<u>206,967,363</u>	<u>769,891</u>	<u>477,712</u>
Liabilities:			
Accounts payable.	251,434	2,082	6,279
Contracts payable.	660,083	-	-
Retainage payable	247,449	-	-
Accrued wages and benefits	5,007,455	-	71,285
Pension obligation payable.	1,409,597	-	13,975
Intergovernmental payable	562,438	2,000	4,113
State foundation payable	-	22,577	-
Accrued interest payable	242,550	-	-
Claims payable.	24,100	-	-
Unearned revenue	21,630,117	-	-
Long-term liabilities:			
Due within one year.	2,370,408	-	16,396
Due in more than one year	69,058,365	-	3,030
Total liabilities	<u>101,463,996</u>	<u>26,659</u>	<u>115,078</u>
Net Assets:			
Invested in capital assets, net of related debt.	33,251,985	109,060	47,634
Restricted for:			
Capital projects	60,290,488	-	-
Debt service.	4,037,646	-	-
Classroom facilities maintenance	965,624	-	-
Locally funded programs	81,657	-	-
State funded programs.	86,133	3,990	2,865
Federally funded programs	267,849	44,601	43,610
Student activities	182,578	-	-
Public school support	76,012	-	-
Food service operations.	520,541	-	-
Other purposes	1,318,685	-	-
Unrestricted.	<u>4,424,169</u>	<u>585,581</u>	<u>268,525</u>
Total net assets	<u>\$ 105,503,367</u>	<u>\$ 743,232</u>	<u>\$ 362,634</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction:				
Regular	\$ 28,912,330	\$ 813,838	\$ 2,037,234	\$ -
Special	8,652,532	114,846	2,625,382	-
Vocational	476,722	-	66,478	-
Other	538,181	-	410,037	-
Support services:				
Pupil.	3,141,826	-	339,571	-
Instructional staff	4,521,869	-	2,571,924	-
Board of education	209,247	41,295	-	-
Administration.	3,512,967	-	277,978	-
Fiscal.	1,145,723	-	27,524	-
Business.	669,134	-	-	-
Operations and maintenance	5,783,283	63,859	12,492	530,000
Pupil transportation.	2,354,922	-	37,353	-
Central	847,739	-	29,756	-
Operation of non-instructional services:				
Food service operations	2,247,871	565,411	1,743,778	-
Other non-instructional services	593,413	48,244	604,578	-
Extracurricular activities.	960,411	346,882	19,241	-
Interest and fiscal charges	2,997,107	-	-	-
Total governmental activities	67,565,277	1,994,375	10,803,326	530,000
Component Units:				
Newark Digital Academy.	855,087	9,155	147,791	-
Par Excellence Academy.	908,453	400	231,867	-
Total component units	1,763,540	9,555	379,658	-
Totals	\$ 69,328,817	\$ 2,003,930	\$ 11,182,984	\$ 530,000

General Revenues:

Property taxes levied for:	
General purposes	
Debt service.	
Capital outlay.	
School district income taxes.	
Grants and entitlements not restricted to specific programs	
Gain on sale of building and land	
Investment earnings	
Miscellaneous	
Total general revenues	
Change in net assets	
Net assets at beginning of year (restated)	
Net assets at end of year.	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Assets**

Primary Government		Component Units	
Governmental Activities		Newark Digital Academy	Par Excellence Academy
\$	(26,061,258)	\$	-
	(5,912,304)		-
	(410,244)		-
	(128,144)		-
	(2,802,255)		-
	(1,949,945)		-
	(167,952)		-
	(3,234,989)		-
	(1,118,199)		-
	(669,134)		-
	(5,176,932)		-
	(2,317,569)		-
	(817,983)		-
	61,318		-
	59,409		-
	(594,288)		-
	(2,997,107)		-
	(54,237,576)		-
	-	(698,141)	-
	-	-	(676,186)
	-	(698,141)	(676,186)
	(54,237,576)	(698,141)	(676,186)
	19,590,287	-	-
	4,704,334	-	-
	1,485,069	-	-
	7,674,450	-	-
	29,336,925	1,084,416	783,009
	76,724	-	-
	215,269	1,650	-
	434,997	5,239	1,407
	63,518,055	1,091,305	784,416
	9,280,479	393,164	108,230
	96,222,888	350,068	254,404
\$	105,503,367	\$	743,232
		\$	362,634

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 11,155,305	\$ 15,630,754	\$ 15,071,391	\$ 41,857,450
Receivables:				
Property taxes	21,414,356	-	6,102,860	27,517,216
School district income taxes	2,947,883	-	-	2,947,883
Accounts	19,482	-	307	19,789
Intergovernmental	11,331	42,974,557	980,970	43,966,858
Accrued interest	4,171	-	-	4,171
Interfund loans	291,039	-	-	291,039
Prepayments	56,639	-	1,410	58,049
Materials and supplies inventory	-	-	30,944	30,944
Restricted assets:				
Equity in pooled cash and cash equivalents	264,425	-	-	264,425
Total assets	<u>\$ 36,164,631</u>	<u>\$ 58,605,311</u>	<u>\$ 22,187,882</u>	<u>\$ 116,957,824</u>
Liabilities:				
Accounts payable	\$ 168,508	\$ 8,145	\$ 74,781	\$ 251,434
Contracts payable	-	659,353	730	660,083
Retainage payable	-	-	247,449	247,449
Accrued wages and benefits	4,107,009	-	900,446	5,007,455
Compensated absences payable	112,787	-	46,316	159,103
Pension obligation payable	1,144,253	-	265,344	1,409,597
Intergovernmental payable	492,668	-	69,770	562,438
Interfund loans payable	-	-	291,039	291,039
Deferred revenue	1,974,759	42,974,557	1,106,340	46,055,656
Unearned revenue	16,835,711	-	4,794,406	21,630,117
Total liabilities	<u>24,835,695</u>	<u>43,642,055</u>	<u>7,796,621</u>	<u>76,274,371</u>
Fund Balances:				
Reserved for encumbrances	1,861,240	14,083,537	1,301,876	17,246,653
Reserved for supplies inventory	-	-	30,944	30,944
Reserved for prepayments	56,639	-	1,410	58,049
Reserved for tax revenue unavailable for appropriation	3,179,450	-	923,630	4,103,080
Reserved for debt service	-	-	3,262,279	3,262,279
Reserved for BWC refunds	264,425	-	-	264,425
Unreserved:				
Designated for budget stabilization	1,199,981	-	-	1,199,981
Undesignated, reported in:				
General fund	4,767,201	-	-	4,767,201
Special revenue funds	-	-	954,343	954,343
Capital projects funds	-	879,719	7,916,779	8,796,498
Total fund balances	<u>11,328,936</u>	<u>14,963,256</u>	<u>14,391,261</u>	<u>40,683,453</u>
Total liabilities and fund balances	<u>\$ 36,164,631</u>	<u>\$ 58,605,311</u>	<u>\$ 22,187,882</u>	<u>\$ 116,957,824</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2010

Total governmental fund balances		\$	40,683,453
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			89,826,897
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Delinquent property taxes receivable	\$	1,807,894	
Income taxes receivable		549,475	
Intergovernmental receivable		43,671,891	
Accounts receivable		24,065	
Accrued interest receivable		2,331	
Total		46,055,656	46,055,656
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets.			152,699
Unamortized deferred charges are not recognized in the funds.			148,247
Unamortized bond issuance costs are not recognized in the funds.			296,882
Unamortized premiums on bond issuances are not recognized in the funds.			(890,326)
In the statement of net assets interest is accrued on outstanding bonds, whereas in governmental funds, interest is accrued when due.			(242,550)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds payable		(67,928,845)	
Compensated absences payable		(2,598,746)	
Total		(70,527,591)	(70,527,591)
Net assets of governmental activities		\$	105,503,367

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
JUNE 30, 2010

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Property taxes	\$ 19,016,776	\$ -	\$ 6,105,120	\$ 25,121,896
Income taxes	7,124,975	-	-	7,124,975
Tuition	643,778	-	-	643,778
Transportation fees	94,614	-	-	94,614
Charges for services	-	-	565,092	565,092
Earnings on investments	176,533	40,382	23,727	240,642
Extracurricular	207,157	-	145,016	352,173
Classroom materials and fees	159,170	-	-	159,170
Other local revenues	548,839	3,450	717,342	1,269,631
Intergovernmental - intermediate	4,657	-	3,371	8,028
Intergovernmental - state	27,877,523	17,441,663	1,881,134	47,200,320
Intergovernmental - federal	458,264	-	9,498,958	9,957,222
Total revenue	<u>56,312,286</u>	<u>17,485,495</u>	<u>18,939,760</u>	<u>92,737,541</u>
Expenditures:				
Current:				
Instruction:				
Regular	26,101,308	-	2,243,770	28,345,078
Special	6,068,340	-	2,591,099	8,659,439
Vocational	444,955	-	-	444,955
Other	110,420	-	427,191	537,611
Support services:				
Pupil	2,838,712	-	325,398	3,164,110
Instructional staff	2,059,773	-	2,421,784	4,481,557
Board of education	209,247	-	-	209,247
Administration	3,195,205	-	291,018	3,486,223
Fiscal	990,716	-	161,289	1,152,005
Business	526,847	-	87,294	614,141
Operations and maintenance	5,255,381	-	273,132	5,528,513
Pupil transportation	2,103,285	-	220,419	2,323,704
Central	756,324	-	62,475	818,799
Operation of non-instructional services:				
Food service operations	-	-	2,213,006	2,213,006
Other non-instructional services	3,171	-	591,978	595,149
Extracurricular activities	658,564	-	197,182	855,746
Facilities acquisition and construction	-	13,348,981	707,162	14,056,143
Debt service:				
Principal retirement	-	-	1,915,000	1,915,000
Interest and fiscal charges	-	-	2,974,338	2,974,338
Total expenditures	<u>51,322,248</u>	<u>13,348,981</u>	<u>17,703,535</u>	<u>82,374,764</u>
Excess of revenues over expenditures	<u>4,990,038</u>	<u>4,136,514</u>	<u>1,236,225</u>	<u>10,362,777</u>
Other financing sources (uses):				
Sale of capital assets	84,610	-	86,172	170,782
Transfers in	-	-	1,644,890	1,644,890
Transfers (out)	(74,650)	(1,154,651)	(415,589)	(1,644,890)
Total other financing sources (uses)	<u>9,960</u>	<u>(1,154,651)</u>	<u>1,315,473</u>	<u>170,782</u>
Net change in fund balances	4,999,998	2,981,863	2,551,698	10,533,559
Fund balances at beginning of year	6,328,938	11,981,393	11,839,424	30,149,755
Increase in reserve for inventory	-	-	139	139
Fund balances at end of year	<u>\$ 11,328,936</u>	<u>\$ 14,963,256</u>	<u>\$ 14,391,261</u>	<u>\$ 40,683,453</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
JUNE 30, 2010

Net change in fund balances - total governmental funds \$ 10,533,559

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

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

Capital asset additions	\$	14,223,143	
Current year depreciation		(1,112,308)	
<hr/>			
Total			13,110,835

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (205,830)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Delinquent property taxes		657,794	
Income taxes		549,475	
Intergovernmental revenue		(17,172,797)	
Transportation revenue		1,353	
Classroom materials and fees revenue		4,918	
Extracurricular revenue		(1,826)	
Other revenue		4,721	
Interest revenue		(21,147)	
<hr/>			
Total			(15,977,509)

Governmental funds report expenditures for inventory when purchased. However, in the statement of activities they are reported as an expense when consumed. 139

Repayment of long-term debt, such as bonds, is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 1,915,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in more interest being reported in the statement of activities:

Decrease in accrued interest payable		5,312	
Accreted interest on "capital appreciation" bonds		(47,977)	
Amortization on bond issuance costs		(15,944)	
Amortization on bond premiums		47,621	
Amortization of deferred charges on refunding		(11,781)	
<hr/>			
Total			(22,769)

Some expenses, such as compensated absences, reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (1,543)

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide 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. (71,403)

Change in net assets of governmental activities \$ 9,280,479

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
JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Property taxes	\$ 16,295,219	\$ 16,153,569	\$ 16,716,516	\$ 562,947
Income taxes	7,151,340	7,089,176	7,336,232	247,056
Tuition	627,553	622,098	643,778	21,680
Transportation fees	91,985	91,185	94,363	3,178
Earnings on investments	187,499	185,870	192,347	6,477
Extracurricular	204,086	202,312	209,362	7,050
Classroom materials and fees	143,495	137,566	142,351	4,785
Other local revenues	484,649	540,179	499,138	(41,041)
Intergovernmental - intermediate	4,540	4,500	4,657	157
Intergovernmental - state	28,240,829	27,995,342	28,970,971	975,629
Intergovernmental - federal	446,715	642,831	458,264	(184,567)
Total revenue	<u>53,877,910</u>	<u>53,664,628</u>	<u>55,267,979</u>	<u>1,603,351</u>
Expenditures:				
Current:				
Salaries and wages	31,641,458	29,995,343	30,184,449	(189,106)
Fringe benefits	10,458,130	9,988,818	10,021,835	(33,017)
Purchased services	9,355,588	10,097,122	9,560,366	536,756
Supplies and materials	2,004,693	3,306,566	2,721,318	585,248
Capital outlays	6,498	34,763	35,423	(660)
Other	955,284	998,095	1,023,400	(25,305)
Total expenditures	<u>54,421,651</u>	<u>54,420,707</u>	<u>53,546,791</u>	<u>873,916</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(543,741)</u>	<u>(756,079)</u>	<u>1,721,188</u>	<u>2,477,267</u>
Other financing sources (uses):				
Refund of prior year's expenditures	-	285	66,546	66,261
Refund of prior year's receipts	(10,617)	(10,617)	-	10,617
Transfers in	-	150,000	-	(150,000)
Transfers (out)	(186,459)	(186,459)	(74,650)	111,809
Advances in	-	58,272	58,272	-
Advances (out)	(58,272)	(558,272)	(291,039)	267,233
Other financing uses	(7,308)	(8,252)	(5,246)	3,006
Sale of capital assets	-	-	84,610	84,610
Total other financing sources (uses)	<u>(262,656)</u>	<u>(555,043)</u>	<u>(161,507)</u>	<u>393,536</u>
Net change in fund balance	(806,397)	(1,311,122)	1,559,681	2,870,803
Fund balance at beginning of year	6,831,488	6,831,488	6,831,488	-
Prior year encumbrances appropriated	997,407	997,407	997,407	-
Fund balance at end of year	<u>\$ 7,022,498</u>	<u>\$ 6,517,773</u>	<u>\$ 9,388,576</u>	<u>\$ 2,870,803</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NEWARK CITY SCHOOL DISTRICT
LICKING COUNTY, OHIO
 STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 JUNE 30, 2010

	Governmental Activities - Internal Service Fund
Current assets:	
Equity in pooled cash and cash equivalents	\$ 176,799
Total assets	<u>176,799</u>
Current liabilities:	
Claims payable	<u>24,100</u>
Total liabilities	<u>24,100</u>
Net assets:	
Unrestricted.	<u>152,699</u>
Total net assets	<u><u>\$ 152,699</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Governmental Activities - Internal Service Fund</u>
Operating revenues:	
Charges for services.	\$ 432,287
Total operating revenues	<u>432,287</u>
Operating expenses:	
Purchased services.	49,770
Claims	<u>453,920</u>
Total operating expenses.	<u>503,690</u>
Change in net assets.	(71,403)
Net assets at beginning of year	<u>224,102</u>
Net assets at end of year.	<u><u>\$ 152,699</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash receipts from charges for services	\$ 432,287
Cash payments for purchased services	(49,770)
Cash payments for claims	<u>(450,924)</u>
Net cash used in operating activities	<u>(68,407)</u>
Net decrease in cash and cash cash equivalents	(68,407)
Cash and cash equivalents at beginning of year . . .	245,206
Cash and cash equivalents at end of year	<u>\$ 176,799</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (71,403)
Increase in claims payable	<u>2,996</u>
Net cash used in operating activities	<u>\$ (68,407)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	\$ 51,369	\$ 48,904
Total assets.	51,369	\$ 48,904
Liabilities:		
Due to students.	-	\$ 48,904
Total liabilities	-	\$ 48,904
Net assets:		
Held in trust for scholarships	51,369	
Total net assets	\$ 51,369	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Private Purpose Trust
	Scholarship
Additions:	
Interest.	\$ 898
Gifts and contributions.	1,000
	1,898
Deductions:	
Scholarships awarded	3,358
	(1,460)
Change in net assets.	(1,460)
Net assets at beginning of year	52,829
Net assets at end of year.	\$ 51,369

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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 twenty-six instructional/support facilities (eleven buildings at a campus-style high school), one administrative building and one transportation/maintenance/warehouse building compound all staffed by 258 non-certified employees, 430 certified employees and 27 administrators, to provide services to approximately 6,069 students in grades K through 12. The District ranks as the 43rd largest by total enrollment among the 905 public school districts and community schools in the State.

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 also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental type activity provided they do not conflict with or contradict GASB pronouncements. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification. 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". 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 governments 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, 2010**

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 85 East Main Street, 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 3313.03. The Par Ex is a conversion school that addresses the needs of students in grades Kindergarten through Third who show a strong interest or talent for the visual arts. The Par Ex is governed by a Board of Trustees. The Board of Trustees may adopt budgets, hire and fire employees and receive funding from the Ohio Department of Education. Based on the significant services provided by the District to Par Ex, Par Ex's purpose of servicing the students within the District and the relationship between the Board of Education of the District and the Board of Trustees of Par Ex, the Par Ex is reflected as a component unit of the District. Separately issued financial statements can be obtained from the Treasurer of Par Ex at 96 Maholm Street, Newark, Ohio 43055.

Information in the following notes to the basic financial statements is applicable to the primary government. Information relative to the NDA and Par Ex component units can be found in Notes 19 and 20, 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 \$434,655 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, 2010**

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 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

Newark Public 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 9). 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, 2010

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 all financial resources except those required to be accounted for 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.

Classroom Facilities - This fund is used to account for monies received and expended in connection with contracts entered into by the District and the Ohio Department of Education for the building and equipping of classroom facilities.

Other governmental funds of the District are used to account for (a) the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs; (b) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds; and (c) grants and other resources whose use is restricted to a particular purpose and (d) food service operations.

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 dental benefits to employees.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. 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 assets 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, 2010**

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

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 and current liabilities 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 assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the 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 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, 2010

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 16). 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.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2010 are recorded as deferred revenue on the fund financial statements.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue on the governmental fund financial statements.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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.

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 is at the broad object level for the general fund and at the fund level for all other funds. Any budgetary modifications at the legal level of budgetary control may only be made by resolution of the Board of Education.

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 2010.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. 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 2010, investments were limited to non-negotiable certificates of deposit. Investments in non-negotiable certificates of deposit are reported at cost.

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 2010 amounted to \$176,533, which includes \$74,689 assigned from other District funds.

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

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

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when received. 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 a fund balance reserve 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 assets, but are not reported in the fund financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

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>	Governmental Activities <u>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 assets.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

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

L. Fund Balance Reserves and Designations

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, supplies inventory, prepayments, tax revenue unavailable for appropriation, debt service and Bureau of Workers' Compensation (BWC) refunds. The reserve for tax revenue unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute. A fund balance designation is reported for amounts set-aside by the District for budget stabilization.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt does not include the Library bonds since the District does not report the related capital assets. In addition items related to the Library bonds such as, unamortized premiums (\$236,579), unamortized bond issue costs (\$87,993) and unamortized deferred charges on the refunding (\$148,247) are also not included. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes includes amounts reserved for Bureau of Workers' Compensation refunds.

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

N. 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 balance sheet 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.

O. 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, 2010**

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

P. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include the amount required by State statute to be set-aside for Bureau of Workers' Compensation (BWC) refunds. See Note 17 for details.

Q. 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.

R. Unamortized Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Unamortized issuance costs are recorded as a separate line item on the statement of net assets.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For advance refundings 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 an addition to or reduction of the face amount of the new debt.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 9. A.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

T. 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 2010.

NOTE 3 - ACCOUNTING PRINCIPLES AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2010, the District has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the District.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the District.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 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, 2010

NOTE 3 - ACCOUNTING PRINCIPLES AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2010 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficits</u>
Management information system	\$ 1,402
Miscellaneous State grants	2,163
IDEA Part B	164,616
Education stabilization	277,346
Title I	210,748
Drug free school grants	242
IDEA preschool grant for the handicapped	36,083
Improving teacher quality	34,711
Miscellaneous Federal grants	27,140

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities. These deficits should be eliminated by future intergovernmental revenues not recognized under GAAP at June 30.

C. Restatement of Fund Balance

Certain nonmajor governmental fund balances have been restated to properly record prior year liabilities. The restatement had no effect on total governmental fund balances or net assets as previously reported.

D. Restatement of Net Assets

The District's net assets have been restated to remove construction in progress that should not have been reported at June 30, 2009. The change in the District's capital assets had the following effect on net assets as previously reported by the governmental activities:

	<u>Governmental Activities</u>
Net assets, June 30, 2009	\$ 100,519,785
Adjustment for construction in progress	<u>(4,296,897)</u>
Restated net assets, June 30, 2009	<u>\$ 96,222,888</u>

See Note 8 for the effect of the change on capital assets balances as previously reported by the District at June 30, 2009.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 \$7,908 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, 2010, the carrying amount of all District deposits was \$42,391,039. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010, \$28,567,949 of the District's bank balance of \$42,867,149 was exposed to custodial risk as discussed below, while \$14,299,200 was covered by the FDIC.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Reconciliation of Cash and Investments to the Statement of Net Assets

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 assets as of June 30, 2010:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 42,391,039
Cash on hand	7,908
Total	\$ 42,398,947
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 42,298,674
Private-purpose trust funds	51,369
Agency fund	48,904
Total	\$ 42,398,947

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund balances at June 30, 2010, as reported on the fund statements consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 291,039

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. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

- B.** Interfund transfers for the year ended June 30, 2010, consisted of the following, as reported on the fund financial statements:

Transfers to nonmajor governmental funds from:	
General fund	\$ 74,650
Classroom facilities fund	1,154,651
Nonmajor governmental funds	415,589
	\$ 1,644,890

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

The District transferred \$412,881 from the permanent improvement capital projects fund (a nonmajor governmental fund) to the classroom facilities maintenance special revenue fund (a nonmajor governmental fund) to fund the maintenance of capital facilities completed under the Ohio School Facilities Commission (OSFC) building projects.

The district managed student activity fund (a nonmajor governmental fund) transferred \$2,708 to the public school fund (a nonmajor governmental fund) as a residual equity transfer to close out a special cost center of the fund.

The classroom facilities fund transferred \$1,154,651 to the building fund (a nonmajor governmental fund) to account for the locally funded initiative activity related to the OSFC building project in a separate fund.

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

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, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, 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 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, 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.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes.

Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 6 - PROPERTY TAXES - (Continued)

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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, 2010, are available to finance fiscal year 2010 operations. The amount available as an advance at June 30, 2010 was \$3,179,450 in the general fund, \$707,880 in the debt service fund (a nonmajor governmental fund) and \$215,750 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2009 was \$855,200 in the general fund, \$264,200 in the debt service fund (a nonmajor governmental fund) and \$81,900 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 tangible personal property taxes which are measurable as of June 30, 2010 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 unearned revenue.

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 deferred.

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second Half Collections		2010 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 761,319,310	96.52	\$ 771,814,860	96.60
Public utility personal	25,449,240	3.23	27,196,780	3.40
Tangible personal property	<u>1,979,095</u>	<u>0.25</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 788,747,645</u>	<u>100.00</u>	<u>\$ 799,011,640</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation		\$36.64		\$44.05

NOTE 7 - RECEIVABLES

Receivables at June 30, 2010 consisted of property taxes, income taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 7 - RECEIVABLES - (Continued)

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

Governmental activities:

Property taxes	\$ 27,517,216
School district income tax	2,947,883
Accounts	19,789
Intergovernmental	43,966,858
Accrued interest	<u>4,171</u>
Total	<u>\$ 74,455,917</u>

Receivables have been disaggregated on the face of the financial statements. All receivables, except for \$42,974,557 of intergovernmental grants due from the Ohio Schools Facilities Commission (OSFC), are expected to be collected in the subsequent year. The OSFC grant amount will be collected over the life of the construction project.

NOTE 8 - CAPITAL ASSETS

Capital assets of the governmental activities have been restated to remove construction in progress that should not have been reported at June 30, 2009. The effect of the change in governmental activities capital assets and fiscal year 2010 capital asset activity is as follows:

	Restated Balance <u>June 30, 2009</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2010</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,712,273	\$ -	\$ (6,630)	\$ 1,705,643
Construction-in-progress	<u>68,112,147</u>	<u>13,816,318</u>	<u>-</u>	<u>81,928,465</u>
Non-depreciable capital assets	<u>69,824,420</u>	<u>13,816,318</u>	<u>(6,630)</u>	<u>83,634,108</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	366,106	-	-	366,106
Building/improvements	22,367,523	35,154	(29,547)	22,373,130
Furniture/equipment	3,379,081	121,330	(255,767)	3,244,644
Vehicles	<u>3,606,963</u>	<u>250,341</u>	<u>(435,443)</u>	<u>3,421,861</u>
Depreciable capital assets	<u>29,719,673</u>	<u>406,825</u>	<u>(720,757)</u>	<u>29,405,741</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(274,206)	(20,192)	-	(294,398)
Building/improvements	(17,956,750)	(537,163)	26,729	(18,467,184)
Furniture/equipment	(2,090,355)	(272,909)	59,385	(2,303,879)
Vehicles	<u>(2,300,890)</u>	<u>(282,044)</u>	<u>435,443</u>	<u>(2,147,491)</u>
Total accumulated depreciation	<u>(22,622,201)</u>	<u>(1,112,308)</u>	<u>521,557</u>	<u>(23,212,952)</u>
Governmental activities capital assets, net	<u>\$ 76,921,892</u>	<u>\$ 13,110,835</u>	<u>\$ (205,830)</u>	<u>\$ 89,826,897</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 425,843
Special	3,761
Vocational	17,282

Support services:

Pupil	10,300
Instructional staff	14,988
Administration	27,774
Business	68,175
Operations and maintenance	90,289
Pupil transportation	248,986
Central	25,106

Operation of non-instructional services:

Food service operations	52,100
Other non-instructional services	13,409
Extracurricular activities	<u>114,295</u>

Total depreciation expense	<u><u>\$ 1,112,308</u></u>
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**NEWARK CITY SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 9 - LONG-TERM OBLIGATIONS

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

	<u>Interest Rate</u>	<u>Balance Outstanding June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Outstanding June 30, 2010</u>	<u>Amounts Due in One Year</u>
Governmental activities:						
<u>General Obligation Bonds:</u>						
Library refunding						
bonds-series 2006						
Current interest bonds	3.50-5.00%	\$ 5,220,000	\$ -	\$ (310,000)	\$ 4,910,000	\$ 325,000
Capital appreciation bonds	23.34%	84,998	-	-	84,998	-
Accreted interest		100,870	47,977	-	148,847	-
Total library bonds		<u>5,405,868</u>	<u>47,977</u>	<u>(310,000)</u>	<u>5,143,845</u>	<u>325,000</u>
School improvement						
bonds-series 2005	3%-4.375%	45,245,000	-	(1,155,000)	44,090,000	1,190,000
School improvement						
bonds-series 2005A	3.5-4.5%	19,145,000	-	(450,000)	18,695,000	465,000
Total school improvement bonds		<u>64,390,000</u>	<u>-</u>	<u>(1,605,000)</u>	<u>62,785,000</u>	<u>1,655,000</u>
Total general obligation bonds payable		<u>69,795,868</u>	<u>47,977</u>	<u>(1,915,000)</u>	<u>67,928,845</u>	<u>1,980,000</u>
<u>Other Long-Term Obligations:</u>						
Compensated absences		<u>2,814,563</u>	<u>417,033</u>	<u>(473,747)</u>	<u>2,757,849</u>	<u>390,408</u>
Total other long-term obligations		<u>2,814,563</u>	<u>417,033</u>	<u>(473,747)</u>	<u>2,757,849</u>	<u>390,408</u>
Total long-term obligations governmental activities		<u>\$ 72,610,431</u>	<u>\$ 465,010</u>	<u>\$ (2,388,747)</u>	70,686,694	<u>\$ 2,370,408</u>
Unamortized premium on bonds					890,326	
Deferred charges in refunding bonds					(148,247)	
Total on statement of net assets					<u>\$ 71,428,773</u>	

Library Refunding Bond Series 2006: On January 5, 2006, the District, on behalf of the public library, refunded the callable portion of the library improvement bonds. Bond proceeds were received in the debt service fund and disbursed to the bond escrow account to retire a portion of the Series 1998 bonds. This refunding issue is comprised of both current interest bonds, par value \$5,330,000, and capital appreciation bonds, par value \$84,998. The interest rates on the current interest bonds range from 3.50% to 5.0%. The capital appreciation bonds mature on December 1, 2011, and have a stated interest rate of 23.34%, and mature at a redemption price equal to 100% of the principal plus accrued interest at the redemption date. The accreted value at maturity for the capital appreciation bonds is \$330,000. A total of \$148,847 in accreted interest has also been included in the statement of net assets.

The reacquisition price exceeded the net carrying amount of the old debt by \$202,282. 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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

School Improvement Bond Series 2005: The District issued \$50 million of general obligation bonds on February 22, 2005. The bonds will be retired from the debt service fund with revenue generated from a 5.9 mill tax levy. This issue is comprised of current interest bonds with interest rates ranging from 3% to 4.375%. The school improvement bonds were issued for the purpose of constructing, renovating, remodeling, furnishing, equipping and otherwise improving school facilities and clearing and improving their sites. As of June 30, 2010, the District had \$6,863,835 of unspent bond proceeds remaining on the bond issue.

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

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

Interest payments on the current interest bonds are due on June 1 and December 1 each year. The final maturity stated in the issue is December 1, 2034.

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

- B.** Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2010, are as follows:

Fiscal Year Ended	Library Bonds			School Improvement Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 325,000	\$ 200,894	\$ 525,894	\$ 1,655,000	\$ 2,709,703	\$ 4,364,703
2012	-	194,800	194,800	1,710,000	2,653,694	4,363,694
2013	330,000	188,200	518,200	1,770,000	2,592,481	4,362,481
2014	345,000	174,700	519,700	1,835,000	2,523,556	4,358,556
2015	360,000	158,800	518,800	1,905,000	2,447,406	4,352,406
2016 - 2020	2,080,000	516,900	2,596,900	10,780,000	10,959,870	21,739,870
2021 - 2025	1,470,000	89,800	1,559,800	13,335,000	8,341,236	21,676,236
2026 - 2030	-	-	-	16,645,000	4,951,125	21,596,125
2031 - 2034	-	-	-	13,150,000	1,048,296	14,198,296
Total	<u>\$ 4,910,000</u>	<u>\$ 1,524,094</u>	<u>\$ 6,434,094</u>	<u>\$ 62,785,000</u>	<u>\$ 38,227,367</u>	<u>\$ 101,012,367</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year Ended	Capital Appreciation Bonds		
	Principal	Interest	Total
2011	\$ -	\$ -	\$ -
2012	84,998	245,002	330,000
Total	<u>\$ 84,998</u>	<u>\$ 245,002</u>	<u>\$ 330,000</u>

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation 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. The effects of these debt limitations at June 30, 2010, are a voted debt margin of \$8,086,631 (including available funds of \$3,970,159) and an unvoted debt margin of \$798,850.

NOTE 10 - 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, 2010**

NOTE 10 - OTHER EMPLOYEE BENEFITS

C. Retirement Incentive

The District offers a one-time retirement bonus in the amount of \$1,000 to all certified employees who provide the District with their notice of retirement by March 1 and complete the balance of the school year. The retirement notification bonus is payable upon completion of service through the last work day of the school year. Any liabilities resulting from this retirement incentive are included as a component of "compensated absences payable".

NOTE 11 - 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 2010, the District maintained comprehensive insurance coverage for liability, real property, building contents and vehicles. The District obtains insurance coverage through the Ohio Casualty (Joseph James and Associates). 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	\$ 155,376,830
General Liability:	
Per occurrence/with umbrella	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from last 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 life coverage for its employees on a fully insured basis and dental insurance 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.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 13. As such, no funding provisions are required by the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 11 - RISK MANAGEMENT - (Continued)

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 \$24,100 reported in the basic financial statements at June 30, 2010, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claim. Claims activities for the current and prior year are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2010	\$ 21,104	\$ 453,920	\$ (450,924)	\$ 24,100
2009	28,600	396,052	(403,548)	21,104

C. Workers' Compensation Rating Program

For fiscal year 2010, the District participated in the Sheakley UniServe Workers' Compensation Group 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. The workers' compensation experience of the participating school districts is tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of their tiered group. 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 12 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, 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, 2010**

NOTE 12 - 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 at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The remaining 1.22 percent of the 14 percent employer contribution rate is allocated to Health Care and Medicare Part B fund. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$939,437, \$665,932 and \$687,162, respectively; 46.28 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System of Ohio

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio 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. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. 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 DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor 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 - For fiscal year 2010, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 12 - PENSION PLANS - (Continued)

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009 and 2008 were \$3,610,550, \$3,676,213 and \$3,637,574, respectively; 83.29 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$99,000 made by the District and \$70,715 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2010, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B 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. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Employers/Audit Resources*.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2010, 0.46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was \$35,800.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2010, 2009, and 2008 were \$181,125, \$455,051 and \$433,213, respectively; 46.28 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2010, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$55,866, \$54,945 and \$49,512, respectively; 46.28 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System of Ohio

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may 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 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$277,735, \$282,786 and \$279,813, respectively; 83.29 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of 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);

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (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 a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported as fair value (GAAP basis) rather than cost (budget basis); and,
- (e) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP 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	\$ 1,559,681
Net adjustment for revenue accruals	1,044,307
Net adjustment for expenditure accruals	193,389
Net adjustment for other sources/uses	171,467
Adjustment for encumbrances	<u>2,031,154</u>
GAAP basis	<u>\$ 4,999,998</u>

NOTE 15 - CONTINGENCIES/SUBSEQUENT EVENT

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. Subsequent Event

The Board of Education approved a resolution at the November 15, 2010 regular meeting to accept a bid of \$850,000 from Mount Vernon Nazarene University for the sale of the Miller Elementary School. All proceeds from the sale of the building will be recorded in the permanent improvement fund (a nonmajor governmental fund). The land was purchased in 1967 and carries a book value of \$33,000. The construction of the Miller Elementary School was completed and placed in service in January of 1970. The building and improvements carry a book value of \$66,334. The transaction was settled in December of 2010.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 16 - INCOME TAXES

The District levies a voted tax of one percent for general operation on the income of residents and of estates. The tax was effective on January 1, 1998, and was renewed for another five years in 2007. 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 \$7,124,975 on the governmental fund financial statements during fiscal year 2010.

NOTE 17 - STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2010, the reserve activity was as follows:

	Textbooks/ Instructional <u>Materials</u>	Capital <u>Acquisition</u>	<u>Budget Stabilization</u>	
			<u>Designated</u>	<u>Reserved</u>
Set-aside balance as of June 30, 2009	\$ (214,632)	\$ (73,011,499)	\$ 669,981	\$ 264,425
Current year set-aside requirement	1,044,458	1,044,458	-	-
Current year designation of fund balance	-	-	530,000	-
Current year offsets	-	(1,330,872)	-	-
Qualifying disbursements	(882,800)	-	-	-
Total	<u>\$ (52,974)</u>	<u>\$ (73,297,913)</u>	<u>\$ 1,199,981</u>	<u>\$ 264,425</u>
Balance carried forward to fiscal year 2011	<u>\$ (52,974)</u>	<u>\$ (73,011,499)</u>	<u>\$ 1,199,981</u>	<u>\$ 264,425</u>

Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by State statute. The District is still required by State law to maintain the textbook/instructional materials reserve and the capital acquisition reserve. The Board of Education resolved to maintain the budget reserve, which will be shown as designated fund balance in the general fund.

The District had qualifying disbursements during the year and in prior years that maintained the set-aside amount below zero for the textbooks/instructional materials reserve. These extra amounts may be used to reduce the set-aside requirement for future years. The negative amount is therefore presented as being carried forward to the next fiscal year. The capital acquisition reserve had debt related offsets in prior years and the current year that have been carried forward to future years. Excess qualifying disbursements and offsets (non debt related) may not be carried forward.

A schedule of the governmental fund restricted assets at June 30, 2010 follows:

Amount restricted for BWC refunds	<u>\$ 264,425</u>
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**NEWARK CITY SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 18 - CONTRACTUAL COMMITMENTS

As of June 30, 2010, the District has commitments with the following companies for the construction project.

	Contract Amount	Amount Paid as of June 30, 2010	Amount Remaining on Contract
H&A Mechanical, Inc.	\$ 3,326,045	\$ 2,024,287	\$ 1,301,758
Settle Muter	1,432,516	946,263	486,253
Simplix Grinnell	92,311	-	92,311
Converse Electric	558,000	-	558,000
MG Abbott, Inc.	761,150	66,925	694,225
Watson General Electric	538,700	-	538,700
Claggett & Sons, Inc.	7,544,066	4,521,636	3,022,430
Claypool Electric, Inc.	3,221,663	2,909,663	312,000
Farnham Equipment, Co.	1,520,445	1,236,733	283,712
Gutridge Plumbing, Inc.	9,378,507	8,932,872	445,635
Johnson Controls, Inc.	468,193	458,053	10,140
LEPI Enterprises, Inc.	395,736	359,597	36,139
Robertson Construction	19,089,482	18,122,022	967,460
Total	<u>\$ 48,326,814</u>	<u>\$ 39,578,051</u>	<u>\$ 8,748,763</u>

These contractual commitments relate to the OSFC project undertaken by the District. In addition to the amounts paid above, the District has recorded contracts payable and retainage payable in the amounts of \$660,083 and \$247,449, respectively, for costs incurred prior to fiscal year end on the OSFC project. Costs incurred by fiscal year end (including contracts and retainage payable) have been recorded as construction-in-progress in the District's capital assets (See Note 8).

NOTE 19 - 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 May 13, 2008, the NDA entered into a new five year contract through fiscal year 2013. 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 provided and maintained space at its technology center at no cost for NDA during fiscal year 2010. NDA paid purchased services to Tri-Rivers Educational Computer Association (TRECA) for providing the planning, design, implementation, instructional, administrative and technical consulting services during the fiscal year.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 19 - 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.

A. Summary of Significant Accounting Policies

The financial statements of NDA have been prepared in conformity with generally accepted accounting principles (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. NDA also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. NDA has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification. Following are the more significant of the NDA's accounting policies.

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

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

Basis of Accounting - 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. Revenue resulting from nonexchange 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.

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 assets. NDA had no investments during the fiscal year ended June 30, 2010.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 19 - NEWARK DIGITAL ACADEMY - (Continued)

Capital Assets - All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received.

The NDA maintains a capitalization threshold of one-thousand dollars. The NDA does not possess any infrastructure.

All reported capital assets 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 EMIS grant, the Data Communication grant, the IDEA B grant, Education Stabilization grant, the Stimulus Title IID grant, the Nutrition Education and Training Program grant, Title I grant, Title V grant, Drug Free School grant, the Improving Teacher Quality grant programs. 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 2010 school year excluding State and Federal grants totaled \$1,084,416.

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 NDA must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the NDA on a reimbursement basis. State and Federal grants revenue for the fiscal year 2010 received was \$147,791.

Prepaid Items - Payments made to vendors for services that will benefit periods beyond June 30, 2010 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 expenditure/expense is reported in the year which services are consumed.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the 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 assets are available.

Restricted Assets - There are certain resources set aside due to restricted State and federal grant funding. The NDA had amounts restricted for State and Federally funded programs at June 30, 2010.

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 expenditures 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, 2010

NOTE 19 - NEWARK DIGITAL ACADEMY - (Continued)

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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.

Change in Accounting Policies - For fiscal year 2010, the NDA has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the NDA.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the NDA.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the NDA.

B. Deposits and Investments

At June 30, 2010, the carrying amount of all NDA deposits was \$624,377. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010, \$477,774 of the NDA's bank balance of \$727,774 was exposed to custodial risk as discussed below, while \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC).

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 19 - NEWARK DIGITAL ACADEMY - (Continued)

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	<u>Balance</u> <u>06/30/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/10</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ -	\$ 6,630	\$ -	\$ 6,630
Total capital assets, not being depreciated	<u>-</u>	<u>6,630</u>	<u>-</u>	<u>6,630</u>
<i>Capital assets, being depreciated:</i>				
Building	-	79,370	-	79,370
Furniture and equipment	<u>130,400</u>	<u>-</u>	<u>-</u>	<u>130,400</u>
Total capital assets, being depreciated	<u>130,400</u>	<u>79,370</u>	<u>-</u>	<u>209,770</u>
<i>Less: accumulated depreciation</i>				
Building	-	(992)	-	(992)
Furniture and equipment	<u>(89,174)</u>	<u>(17,174)</u>	<u>-</u>	<u>(106,348)</u>
Total accumulated depreciation	<u>(89,174)</u>	<u>(18,166)</u>	<u>-</u>	<u>(107,340)</u>
Capital assets, net	<u>\$ 41,226</u>	<u>\$ 67,834</u>	<u>\$ -</u>	<u>\$ 109,060</u>

During fiscal year 2010, the NDA purchased land and a building for the use and maintenance of its technology center. The building was previously being leased to the NDA by the District.

D. 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the NDA at June 30, 2010.

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

State Foundation Funding - The Ohio Department of Education conducts reviews of enrollment date and full-time equivalency (FTE) calculations made by community schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the state, upon which State foundation funding is calculated. The conclusion of this review resulted in a payable of \$8,148 in 2010. In addition to the current year adjustment, \$14,429 of the fiscal year 2009 adjustment of \$21,644 had not been withheld from foundation settlements at June 30, 2010. The total State Foundation payable at June 30, 2010 is \$22,577.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 20 - PAR EXCELLENCE ACADEMY

The Par Excellence Academy (the "Par Ex") is a discretely presented component unit of the Newark City School District (the "District"). The District is the Sponsor of the Par Ex. The Par Ex issues a publicly available, stand-alone financial report that includes financial statements and supplementary information. That report may be obtained by writing to Treasurer of the Par Ex at 85 East Main Street, Newark, Ohio 43055.

A. Summary of Significant Accounting Policies

The basic financial statements (BFS) of the Par Ex 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 Par Ex also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989, provided those pronouncements do not conflict with or contradict GASB pronouncements. The Par Ex has the option to also apply FASB Statements and Interpretations issued after November 30, 1989, subject to this same limitation. The Par Ex has elected not to apply these FASB Interpretations. The Par Ex's significant accounting policies are described below.

Basis of Presentation - The Par Ex uses enterprise accounting to report on its financial activities. Enterprise accounting focuses on the determination of operating income, changes in net assets, 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 Par Ex. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Par Ex. All revenues and expenses not meeting this definition are reported as non-operating.

Measurement Focus and Basis of Accounting - Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. 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.

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 Revised Code Section 3314.03 (11) (d), which states that community schools must comply with Ohio Revised 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 Par Ex are deposited in a demand deposit account.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 20 - PAR EXCELLENCE ACADEMY - (Continued)

The Par Ex applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The Par Ex has no net assets restricted by enabling legislation.

Intergovernmental Revenue - The Par Ex currently participates in the State Foundation Program, the EMIS grant, the Data Communication grant, the IDEA B grant, Education Stabilization grant, the Stimulus Title IID grant, the Nutrition Education and Training Program grant, Title I grant, Title V grant, Drug Free School grant, IDEA Preschool 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 2010 school year excluding federal and State grants totaled \$783,009.

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 Par Ex must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Par Ex on a reimbursement basis. State and federal grants revenue for the fiscal year 2010 received was \$226,357.

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.

Compensated Absences Policy- Sick leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Par Ex will compensate the employees for the benefits through paid time off. The Par Ex records a liability for accumulated unused sick leave time based on the vesting method for eligible and future eligible employees based on State laws.

Capital Assets and Depreciation - All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The Par Ex maintains a capitalization threshold of \$50. The Par Ex 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 are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method. Equipment is depreciated over five years.

Change in Accounting Policies - For fiscal year 2010, the Par Ex has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 20 - PAR EXCELLENCE ACADEMY - (Continued)

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the Par Ex.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the Par Ex.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the Par Ex.

B. Deposits

At June 30, 2010, the carrying amount of the Par Ex's deposits was \$383,526. The Par Ex also had \$100 in cash on hand. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010, \$135,440 of the Par Ex's bank balance of \$385,440 was exposed to custodial risk as discussed below, while \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial credit risk is the risk that, in the event of bank failure, the Par Ex'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 Par Ex. The Par Ex has no deposit policy for custodial credit risk beyond the requirement of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Par Ex to a successful claim by the FDIC.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 20 - PAR EXCELLENCE ACADEMY - (Continued)

C. Receivables

Receivables at June 30, 2010 consisted accounts (billings for user charged services and student fees) and intergovernmental grants. A summary of the principal items of receivables reported on the statement of net assets follows:

Accounts	\$ 18
Intergovernmental	<u>46,434</u>
Total	<u><u>\$ 46,452</u></u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2010</u>
Furniture and equipment	\$ 108,377	\$ 7,878	\$ -	\$ 116,255
Less: accumulated depreciation	<u>(46,163)</u>	<u>(22,458)</u>	<u>-</u>	<u>(68,621)</u>
Capital assets, net	<u><u>\$ 62,214</u></u>	<u><u>\$ (14,580)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 47,634</u></u>

E. Long-Term Obligations

The Par Ex's long-term obligations during fiscal year 2010 were as follows:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Due Within</u> <u>One Year</u>
Compensated absences	\$ 951	\$ 18,475	\$ -	\$ 19,426	\$ 16,396
Total long-term liabilities	<u><u>\$ 951</u></u>	<u><u>\$ 18,475</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,426</u></u>	<u><u>\$ 16,396</u></u>

F. Operating Lease - Lessee Disclosure

On May 13, 2008, the Par Ex has entered into an operating lease with the Sponsor for the use of the premises located at 96 Maholm Street, Newark, Ohio 43055 to use for classrooms. The lease began on August 1, 2008 and will continue through July 31, 2011 with annual rent payments of \$18,000, payable in monthly installments of \$1,500.

G. Compensated Absences

Employees accumulate sick leave at a rate of 5 days per year. Unused sick leave may accumulate. A liability for eligible employees is recorded on the statement of net assets.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 20 - PAR EXCELLENCE ACADEMY - (Continued)

H. Contingencies

Grants - The Par Ex received financial assistance from a State agency 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. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Par Ex at June 30, 2010.

State Foundation Funding - The Ohio Department of Education (ODE) conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. The Par Ex anticipates no adjustments to State funding for fiscal year 2010, as a result of the reviews which have yet to be completed.

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

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 there is only one general fund and the legal level of budgetary control is not greater than that presented in the basic financial statements, no additional financial statements are presented here.

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**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Classroom Facilities				
Total Revenues and Other Sources	\$ 22,000,000	\$ 18,000,000	\$ 17,485,495	\$ (514,505)
Total Expenditures and Other Uses	<u>72,550,793</u>	<u>72,550,793</u>	<u>28,762,668</u>	<u>43,788,125</u>
Net Change in Fund Balance	(50,550,793)	(54,550,793)	(11,277,173)	43,273,620
Fund balance at beginning of year	284,879	284,879	284,879	-
Prior year encumbrances appropriated.	<u>11,872,013</u>	<u>11,872,013</u>	<u>11,872,013</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (38,393,901)</u>	<u>\$ (42,393,901)</u>	<u>\$ 879,719</u>	<u>\$ 43,273,620</u>

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Debt Service Fund</u>	<u>Nonmajor Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 2,623,325	\$ 3,264,749	\$ 9,183,317	\$ 15,071,391
Receivables:				
Property taxes	-	4,624,486	1,478,374	6,102,860
Accounts.	307	-	-	307
Intergovernmental	980,970	-	-	980,970
Prepayments.	1,410	-	-	1,410
Materials and supplies inventory	30,944	-	-	30,944
Total assets.	<u>\$ 3,636,956</u>	<u>\$ 7,889,235</u>	<u>\$ 10,661,691</u>	<u>\$ 22,187,882</u>
Liabilities:				
Accounts payable.	\$ 42,889	\$ -	\$ 31,892	\$ 74,781
Contracts payable.	-	-	730	730
Retainage payable	-	-	247,449	247,449
Accrued wages and benefits	900,446	-	-	900,446
Compensated absences payable	46,316	-	-	46,316
Pension obligation payable.	265,344	-	-	265,344
Intergovernmental payable	66,152	2,470	1,148	69,770
Interfund loan payable	291,039	-	-	291,039
Deferred revenue.	697,641	310,037	98,662	1,106,340
Unearned revenue	23,875	3,606,569	1,163,962	4,794,406
Total liabilities.	<u>2,333,702</u>	<u>3,919,076</u>	<u>1,543,843</u>	<u>7,796,621</u>
Fund balances:				
Reserved for encumbrances	316,557	-	985,319	1,301,876
Reserved for supplies inventory	30,944	-	-	30,944
Reserved for prepayments	1,410	-	-	1,410
Reserved for tax revenue unavailable for appropriation	-	707,880	215,750	923,630
Reserved for debt service	-	3,262,279	-	3,262,279
Undesignated, reported in:				
Special revenue funds	954,343	-	-	954,343
Capital projects funds	-	-	7,916,779	7,916,779
Total fund balances	<u>1,303,254</u>	<u>3,970,159</u>	<u>9,117,848</u>	<u>14,391,261</u>
Total liabilities and fund balances	<u>\$ 3,636,956</u>	<u>\$ 7,889,235</u>	<u>\$ 10,661,691</u>	<u>\$ 22,187,882</u>

**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, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:				
From local sources:				
Property taxes	\$ -	\$ 4,642,928	\$ 1,462,192	\$ 6,105,120
Charges for services	565,092	-	-	565,092
Earnings on investments	4,226	-	19,501	23,727
Extracurricular	145,016	-	-	145,016
Other local revenues	187,342	-	530,000	717,342
Intergovernmental - intermediate	1,500	1,453	418	3,371
Intergovernmental - state	865,731	667,311	348,092	1,881,134
Intergovernmental - federal	9,498,958	-	-	9,498,958
Total revenues	11,267,865	5,311,692	2,360,203	18,939,760
Expenditures:				
Current:				
Instruction:				
Regular	2,096,502	-	147,268	2,243,770
Special	2,591,099	-	-	2,591,099
Other	427,191	-	-	427,191
Support services:				
Pupil	325,398	-	-	325,398
Instructional staff	2,421,784	-	-	2,421,784
Administration	271,205	-	19,813	291,018
Fiscal	66,419	72,107	22,763	161,289
Business	-	-	87,294	87,294
Operations and maintenance	26,468	-	246,664	273,132
Pupil transportation	15,218	-	205,201	220,419
Central	59,338	-	3,137	62,475
Operation of non-instructional services:				
Food service operation	2,213,006	-	-	2,213,006
Other non-instructional services	591,978	-	-	591,978
Extracurricular activities	171,420	-	25,762	197,182
Facilities acquisition and construction	-	-	707,162	707,162
Debt service:				
Principal retirement	-	1,915,000	-	1,915,000
Interest and fiscal charges	-	2,974,338	-	2,974,338
Total expenditures	11,277,026	4,961,445	1,465,064	17,703,535
Excess (deficiency) of revenues over (under) expenditures	(9,161)	350,247	895,139	1,236,225
Other financing sources (uses):				
Sale of capital assets	-	-	86,172	86,172
Transfers in	490,239	-	1,154,651	1,644,890
Transfers (out)	(2,708)	-	(412,881)	(415,589)
Total other financing sources (uses)	487,531	-	827,942	1,315,473
Net change in fund balances	478,370	350,247	1,723,081	2,551,698
Fund balances at beginning of year	824,745	3,619,912	7,394,767	11,839,424
Increase in reserve for inventory	139	-	-	139
Fund balances at end of year	\$ 1,303,254	\$ 3,970,159	\$ 9,117,848	\$ 14,391,261

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

FUND DESCRIPTIONS

Nonmajor Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. The title of each special revenue fund is descriptive of the activities accounted for therein. The nonmajor special revenue funds are:

Public School Support

To account for specific local revenue sources (other than taxes) generated by individual school buildings (i.e. 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.

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.

Management Information Systems

To account for State funds provided to assist the District in implementing a staff, student, and financial reporting system as mandated by the Omnibus Education Reform Act of 1989.

Public School Preschool

To account for State funds provided to assist the District in paying the cost of preschool programs for three and four year olds.

Entry Year Programs

To account for State funds which provide entry-year programs pursuant to Ohio Revised Code Section 3317.024(T)

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.

SchoolNet Professional Development

To account for revenues received to provide professional development programs related to technology

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

FUND DESCRIPTIONS

Nonmajor Special Revenue Funds (Continued)

High Schools That Work ("HSTW")

To account for vocational education enhancements that expand the number of students enrolled in tech prep programs, enable students to develop career plan, and replace or update equipment essential for the instruction of students in job skills taught as part of a covational program or programs approved for such instruction by the State Board of Education

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.

Poverty Aid/DPIA

To account for monies appropriated for poverty based assistance as well as part of the State foundation system. Programs included are academic intervention, all-day kindergarten, class-size reduction, Limited English Proficient students, professional development, dropout prvention, and community outreach

Miscellaneous State Grants

To account for monies received from State agencies which are not classified elsewhere.

Education Stabilization

To account for Federal stimulus funds received through State foundation for the purpose of stabilizing the District's budgets.

Stimulus Title II D

To account for Federal stimulus funds that provides the District with funding for classroom technology resources and professional development on technology integration.

Title 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.

Title I

To account for Federal funds for services provided to meet special educational needs of educationally deprived children

Title VI

To account for Federal funds to provided programs for at-risk students; instructional materials to improve the quality of instruction; programs of professional development; programs to enhance personal excellence of students and student achievement.

NEWARK CITY SCHOOL DISTRICT
LICKING COUNTY, OHIO

FUND DESCRIPTIONS

Nonmajor Special Revenue Funds (Continued)

Drug Free Schools Program

To account for Federal funds for the establishment, operation and improvement of drug abuse prevention programs, early intervention, rehabilitation referral and education in schools.

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.

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

Classroom Facilities Maintenance

To account for revenues earmarked for the maintenance of facilities.

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010

	<u>Public School Support</u>	<u>Miscellaneous Grants</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 76,049	\$ 97,000	\$ 188,672	\$ 90,081
Receivables:				
Accounts.	-	-	307	-
Intergovernmental	-	-	-	49,347
Prepayments.	-	-	-	-
Materials and supplies inventory	-	-	-	-
Total assets.	<u>\$ 76,049</u>	<u>\$ 97,000</u>	<u>\$ 188,979</u>	<u>\$ 139,428</u>
Liabilities:				
Accounts payable.	\$ 37	\$ 15,343	\$ 5,994	\$ -
Accrued wages and benefits	-	-	-	23,507
Compensated absences payable	-	-	-	23,656
Pension obligation payable.	-	-	353	4,578
Intergovernmental payable	-	-	54	1,554
Interfund loan payable	-	-	-	-
Deferred revenue.	-	-	307	49,347
Unearned revenue.	-	-	-	-
Total liabilities.	<u>37</u>	<u>15,343</u>	<u>6,708</u>	<u>102,642</u>
Fund balances:				
Reserved for encumbrances	2,396	11,144	23,030	348
Reserved for supplies inventory	-	-	-	-
Reserved for prepayments	-	-	-	-
Unreserved-undesignated (deficit)	73,616	70,513	159,241	36,438
Total fund balances (deficits)	<u>76,012</u>	<u>81,657</u>	<u>182,271</u>	<u>36,786</u>
Total liabilities and fund balances.	<u>\$ 76,049</u>	<u>\$ 97,000</u>	<u>\$ 188,979</u>	<u>\$ 139,428</u>

<u>Management Information Systems</u>	<u>Alternative Schools</u>	<u>Miscellaneous State Grants</u>	<u>Title VI-B</u>	<u>Education Stabilization</u>
\$ 1,218	\$ -	\$ 17	\$ 124,910	\$ -
-	-	-	-	-
-	275	-	459,151	-
166	-	-	-	-
-	-	-	-	-
<u>\$ 1,384</u>	<u>\$ 275</u>	<u>\$ 17</u>	<u>\$ 584,061</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 260	\$ -
-	-	-	166,753	234,341
-	-	-	-	-
2,490	-	2,021	80,541	29,178
296	-	159	11,294	13,827
-	275	-	47,235	-
-	-	-	442,594	-
-	-	-	-	-
<u>2,786</u>	<u>275</u>	<u>2,180</u>	<u>748,677</u>	<u>277,346</u>
-	-	-	43,926	-
-	-	-	-	-
166	-	-	-	-
<u>(1,568)</u>	<u>-</u>	<u>(2,163)</u>	<u>(208,542)</u>	<u>(277,346)</u>
<u>(1,402)</u>	<u>-</u>	<u>(2,163)</u>	<u>(164,616)</u>	<u>(277,346)</u>
<u>\$ 1,384</u>	<u>\$ 275</u>	<u>\$ 17</u>	<u>\$ 584,061</u>	<u>\$ -</u>

- Continued

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

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010

	<u>Stimulus Title II D</u>	<u>Title I</u>	<u>Drug Free Schools Program</u>	<u>EHA Preschool Grant</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 21,700	\$ 13,848	\$ 1,723	\$ 4,848
Receivables:				
Accounts.	-	-	-	-
Intergovernmental	30,411	344,134	875	3,566
Prepayments.	-	-	-	-
Materials and supplies inventory	-	-	-	-
Total assets.	<u>\$ 52,111</u>	<u>\$ 357,982</u>	<u>\$ 2,598</u>	<u>\$ 8,414</u>
Liabilities:				
Accounts payable.	\$ 105	\$ 160	\$ -	\$ -
Accrued wages and benefits	-	283,659	2,105	11,109
Compensated absences payable	-	14,279	-	-
Pension obligation payable.	-	35,534	588	5,446
Intergovernmental payable	5	18,554	147	649
Interfund loan payable	17,509	90,019	-	-
Deferred revenue.	29,602	126,525	-	3,418
Unearned revenue.	-	-	-	23,875
Total liabilities.	<u>47,221</u>	<u>568,730</u>	<u>2,840</u>	<u>44,497</u>
Fund balances:				
Reserved for encumbrances	21,700	13,687	188	-
Reserved for supplies inventory	-	-	-	-
Reserved for prepayments	-	-	-	-
Unreserved-undesignated (deficit)	(16,810)	(224,435)	(430)	(36,083)
Total fund balances (deficits)	<u>4,890</u>	<u>(210,748)</u>	<u>(242)</u>	<u>(36,083)</u>
Total liabilities and fund balances.	<u>\$ 52,111</u>	<u>\$ 357,982</u>	<u>\$ 2,598</u>	<u>\$ 8,414</u>

- Continued

<u>Reducing Class Size</u>	<u>Miscellaneous Federal Grants</u>	<u>Food Service</u>	<u>School Activity Trusts</u>	<u>Staff Trusts</u>
\$ 17,659	\$ 108,859	\$ 792,413	\$ 103,176	\$ 15,528
-	-	-	-	-
22,808	70,403	-	-	-
-	-	1,244	-	-
-	-	30,944	-	-
<u>\$ 40,467</u>	<u>\$ 179,262</u>	<u>\$ 824,601</u>	<u>\$ 103,176</u>	<u>\$ 15,528</u>
\$ 246	\$ 14,863	\$ 5,881	\$ -	\$ -
38,346	19,423	121,203	-	-
6,390	-	1,991	-	-
4,871	5,179	94,565	-	-
2,517	7,896	9,200	-	-
-	136,001	-	-	-
22,808	23,040	-	-	-
-	-	-	-	-
<u>75,178</u>	<u>206,402</u>	<u>232,840</u>	<u>-</u>	<u>-</u>
227	88,202	111,306	-	403
-	-	30,944	-	-
-	-	1,244	-	-
<u>(34,938)</u>	<u>(115,342)</u>	<u>448,267</u>	<u>103,176</u>	<u>15,125</u>
<u>(34,711)</u>	<u>(27,140)</u>	<u>591,761</u>	<u>103,176</u>	<u>15,528</u>
<u>\$ 40,467</u>	<u>\$ 179,262</u>	<u>\$ 824,601</u>	<u>\$ 103,176</u>	<u>\$ 15,528</u>

- Continued

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

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010

	<u>Classroom Facilities Maintenance</u>	<u>Total Nonmajor Special Revenue Funds</u>	
Assets:			
Equity in pooled cash and cash equivalents.	\$ 965,624	\$ 2,623,325	
Receivables:			
Accounts.	-	307	
Intergovernmental	-	980,970	
Prepayments.	-	1,410	
Materials and supplies inventory	-	30,944	
	<hr/>	<hr/>	
Total assets.	<u>\$ 965,624</u>	<u>\$ 3,636,956</u>	
Liabilities:			
Accounts payable.	\$ -	\$ 42,889	
Accrued wages and benefits	-	900,446	
Compensated absences payable	-	46,316	
Pension obligation payable.	-	265,344	
Intergovernmental payable	-	66,152	
Interfund loan payable	-	291,039	
Deferred revenue.	-	697,641	
Unearned revenue.	-	23,875	
	<hr/>	<hr/>	
Total liabilities.	<u>-</u>	<u>2,333,702</u>	
Fund balances:			
Reserved for encumbrances	-	316,557	
Reserved for supplies inventory	-	30,944	
Reserved for prepayments	-	1,410	
Unreserved-undesignated (deficit)	965,624	954,343	
	<hr/>	<hr/>	
Total fund balances (deficits)	<u>965,624</u>	<u>1,303,254</u>	
Total liabilities and fund balances.	<u>\$ 965,624</u>	<u>\$ 3,636,956</u>	

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**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, 2010

	<u>Public School Support</u>	<u>Miscellaneous Grants</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>
Revenues:				
From local sources:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	107
Extracurricular	438	-	144,359	-
Other local revenues	34,214	88,462	26,268	-
Intergovernmental - intermediate	-	1,500	-	-
Intergovernmental - state	-	-	-	510,005
Intergovernmental - federal	-	-	-	-
Total revenues	<u>34,652</u>	<u>89,962</u>	<u>170,627</u>	<u>510,112</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	20,110	-	-
Special	-	1,700	-	-
Other	-	-	-	-
Support services:				
Pupil	-	55,829	-	-
Instructional staff	-	1,635	-	-
Administration	-	-	-	-
Fiscal	-	-	-	-
Operations and maintenance	-	-	-	-
Pupil transportation	-	352	-	-
Central	-	-	-	-
Operation of non-instructional services:				
Food service operation	-	-	-	-
Other non-instructional services	51,881	-	12,905	472,929
Extracurricular activities	-	-	171,420	-
Total expenditures	<u>51,881</u>	<u>79,626</u>	<u>184,325</u>	<u>472,929</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,229)</u>	<u>10,336</u>	<u>(13,698)</u>	<u>37,183</u>
Other financing sources (uses):				
Transfers in	2,708	-	-	-
Transfers (out)	-	-	(2,708)	-
Total other financing sources (uses)	<u>2,708</u>	<u>-</u>	<u>(2,708)</u>	<u>-</u>
Net change in fund balances	<u>(14,521)</u>	<u>10,336</u>	<u>(16,406)</u>	<u>37,183</u>
Fund balances (deficits)				
at beginning of year	90,533	71,321	198,677	(397)
Increase in reserve for inventory	-	-	-	-
Fund balances (deficits) at end of year . . .	<u>\$ 76,012</u>	<u>\$ 81,657</u>	<u>\$ 182,271</u>	<u>\$ 36,786</u>

<u>Management Information Systems</u>	<u>Public School Preschool</u>	<u>Entry Year Programs</u>	<u>Data Communications</u>	<u>SchoolNet Professional Development</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	141	-	-
-	-	-	-	-
11,444	122,471	-	25,150	-
-	-	-	-	-
<u>11,444</u>	<u>122,471</u>	<u>141</u>	<u>25,150</u>	<u>-</u>
-	-	-	-	-
-	68,619	-	-	-
-	-	-	-	-
-	-	-	-	-
-	35,315	-	-	7
6,315	-	-	-	-
44,431	7,756	-	-	-
-	8,000	-	-	-
-	-	-	-	-
34,188	-	-	25,150	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>84,934</u>	<u>119,690</u>	<u>-</u>	<u>25,150</u>	<u>7</u>
<u>(73,490)</u>	<u>2,781</u>	<u>141</u>	<u>-</u>	<u>(7)</u>
74,650	-	-	-	-
-	-	-	-	-
<u>74,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,160	2,781	141	-	(7)
(2,562)	(2,781)	(141)	-	7
-	-	-	-	-
<u>\$ (1,402)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**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, 2010

	<u>HSTW</u>	<u>Alternative Schools</u>	<u>Poverty Aid/ DPIA</u>	<u>Miscellaneous State Grants</u>
Revenues:				
From local sources:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-
Extracurricular	-	-	-	-
Other local revenues	-	-	-	-
Intergovernmental - intermediate	-	-	-	-
Intergovernmental - state	7,614	49,940	-	23,988
Intergovernmental - federal	-	-	-	-
Total revenues	<u>7,614</u>	<u>49,940</u>	<u>-</u>	<u>23,988</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,090	5,127	-	7,788
Special	-	-	-	-
Other	-	-	4,581	-
Support services:				
Pupil	-	44,813	-	37
Instructional staff	2,910	-	-	26,612
Administration	-	-	-	-
Fiscal	-	-	-	-
Operations and maintenance	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services:				
Food service operation	-	-	-	-
Other non-instructional services	-	-	-	-
Extracurricular activities	-	-	-	-
Total expenditures	<u>5,000</u>	<u>49,940</u>	<u>4,581</u>	<u>34,437</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,614</u>	<u>-</u>	<u>(4,581)</u>	<u>(10,449)</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,614	-	(4,581)	(10,449)
Fund balances (deficits) at beginning of year	(2,614)	-	4,581	8,286
Increase in reserve for inventory	-	-	-	-
Fund balances (deficits) at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,163)</u>

Title VI-B	Education Stabilization	Stimulus Title II D	Title I	Title VI
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,921,983	1,652,678	33,982	3,065,805	13,176
<u>1,921,983</u>	<u>1,652,678</u>	<u>33,982</u>	<u>3,065,805</u>	<u>13,176</u>
-	1,372,969	16,715	30,011	13,176
529,057	-	-	1,988,101	-
-	331,633	-	90,977	-
67,720	-	-	-	-
1,225,824	-	4,963	901,823	-
102,010	-	-	122,178	-
-	-	-	6,107	-
-	-	-	-	-
7,154	-	-	-	-
-	-	-	-	-
-	-	-	-	-
19,359	-	7,414	21,754	-
-	-	-	-	-
<u>1,951,124</u>	<u>1,704,602</u>	<u>29,092</u>	<u>3,160,951</u>	<u>13,176</u>
<u>(29,141)</u>	<u>(51,924)</u>	<u>4,890</u>	<u>(95,146)</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(29,141)	(51,924)	4,890	(95,146)	-
(135,475)	(225,422)	-	(115,602)	-
-	-	-	-	-
<u>\$ (164,616)</u>	<u>\$ (277,346)</u>	<u>\$ 4,890</u>	<u>\$ (210,748)</u>	<u>\$ -</u>

- Continued

**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, 2010

	Drug Free Schools Program	EHA Preschool Grant	Reducing Class Size	Miscellaneous Federal Grants
Revenues:				
From local sources:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-
Extracurricular	-	-	-	-
Other local revenues	-	-	-	-
Intergovernmental - intermediate	-	-	-	-
Intergovernmental - state	-	-	-	-
Intergovernmental - federal	41,593	54,931	387,543	632,796
Total revenues	41,593	54,931	387,543	632,796
Expenditures:				
Current:				
Instruction:				
Regular	1,634	-	290,088	335,844
Special	-	569	-	3,053
Other	-	-	-	-
Support services:				
Pupil	33,757	-	-	123,242
Instructional staff	-	84,512	64,732	50,773
Administration	-	-	40,702	-
Fiscal	-	-	-	8,125
Operations and maintenance	4,499	-	-	-
Pupil transportation	-	-	-	7,712
Central	-	-	-	-
Operation of non-instructional services:				
Food service operation	-	-	-	-
Other non-instructional services	-	-	-	-
Extracurricular activities	-	-	-	-
Total expenditures	39,890	85,081	395,522	528,749
Excess (deficiency) of revenues over (under) expenditures	1,703	(30,150)	(7,979)	104,047
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	1,703	(30,150)	(7,979)	104,047
Fund balances (deficits) at beginning of year	(1,945)	(5,933)	(26,732)	(131,187)
Increase in reserve for inventory	-	-	-	-
Fund balances (deficits) at end of year	\$ (242)	\$ (36,083)	\$ (34,711)	\$ (27,140)

<u>Food Service</u>	<u>School Activity Trusts</u>	<u>Staff Trusts</u>	<u>Classroom Facilities Maintenance</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 565,092	\$ -	\$ -	\$ -	\$ 565,092
4,119	-	-	-	4,226
-	-	219	-	145,016
319	30,212	7,726	-	187,342
-	-	-	-	1,500
45,188	-	-	69,931	865,731
1,694,471	-	-	-	9,498,958
<u>2,309,189</u>	<u>30,212</u>	<u>7,945</u>	<u>69,931</u>	<u>11,267,865</u>
-	950	-	-	2,096,502
-	-	-	-	2,591,099
-	-	-	-	427,191
-	-	-	-	325,398
-	22,678	-	-	2,421,784
-	-	-	-	271,205
-	-	-	-	66,419
13,969	-	-	-	26,468
-	-	-	-	15,218
-	-	-	-	59,338
2,213,006	-	-	-	2,213,006
-	-	5,736	-	591,978
-	-	-	-	171,420
<u>2,226,975</u>	<u>23,628</u>	<u>5,736</u>	<u>-</u>	<u>11,277,026</u>
<u>82,214</u>	<u>6,584</u>	<u>2,209</u>	<u>69,931</u>	<u>(9,161)</u>
-	-	-	412,881	490,239
-	-	-	-	(2,708)
-	-	-	412,881	487,531
82,214	6,584	2,209	482,812	478,370
509,408	96,592	13,319	482,812	824,745
139	-	-	-	139
<u>\$ 591,761</u>	<u>\$ 103,176</u>	<u>\$ 15,528</u>	<u>\$ 965,624</u>	<u>\$ 1,303,254</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public School Support				
Total Revenues and Other Sources	\$ 75,000	\$ 36,365	\$ 39,043	\$ 2,678
Total Expenditures and Other Uses	<u>43,551</u>	<u>71,247</u>	<u>56,464</u>	<u>14,783</u>
Net Change in Fund Balance	31,449	(34,882)	(17,421)	17,461
Fund balance at beginning of year	89,461	89,461	89,461	-
Prior year encumbrances appropriated.	<u>1,576</u>	<u>1,576</u>	<u>1,576</u>	<u>-</u>
Fund balance at end of year	<u>\$ 122,486</u>	<u>\$ 56,155</u>	<u>\$ 73,616</u>	<u>\$ 17,461</u>
Miscellaneous Grants				
Total Revenues and Other Sources	\$ 15,000	\$ 93,000	\$ 89,962	\$ (3,038)
Total Expenditures and Other Uses	<u>32,509</u>	<u>123,771</u>	<u>90,770</u>	<u>33,001</u>
Net Change in Fund Balance	(17,509)	(30,771)	(808)	29,963
Fund balance at beginning of year	71,321	71,321	71,321	-
Prior year encumbrances appropriated.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 53,812</u>	<u>\$ 40,550</u>	<u>\$ 70,513</u>	<u>\$ 29,963</u>
District Managed Student Activity				
Total Revenues and Other Sources	\$ 260,000	\$ 170,000	\$ 170,627	\$ 627
Total Expenditures and Other Uses	<u>252,936</u>	<u>273,536</u>	<u>209,871</u>	<u>63,665</u>
Net Change in Fund Balance	7,064	(103,536)	(39,244)	64,292
Fund balance at beginning of year	185,895	185,895	185,895	-
Prior year encumbrances appropriated.	<u>12,997</u>	<u>12,997</u>	<u>12,997</u>	<u>-</u>
Fund balance at end of year	<u>\$ 205,956</u>	<u>\$ 95,356</u>	<u>\$ 159,648</u>	<u>\$ 64,292</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Auxiliary Services				
Total Revenues and Other Sources	\$ 580,000	\$ 518,388	\$ 518,392	\$ 4
Total Expenditures and Other Uses	<u>607,790</u>	<u>564,301</u>	<u>474,779</u>	<u>89,522</u>
Net Change in Fund Balance	(27,790)	(45,913)	43,613	89,526
Fund balance at beginning of year	38,330	38,330	38,330	-
Prior year encumbrances appropriated.	<u>7,790</u>	<u>7,790</u>	<u>7,790</u>	<u>-</u>
Fund balance at end of year	<u>\$ 18,330</u>	<u>\$ 207</u>	<u>\$ 89,733</u>	<u>\$ 89,526</u>
Management Information Systems				
Total Revenues and Other Sources	\$ 85,000	\$ 86,095	\$ 86,346	\$ 251
Total Expenditures and Other Uses	<u>84,004</u>	<u>86,346</u>	<u>85,380</u>	<u>966</u>
Net Change in Fund Balance	996	(251)	966	1,217
Fund balance at beginning of year	<u>252</u>	<u>252</u>	<u>252</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,248</u>	<u>\$ 1</u>	<u>\$ 1,218</u>	<u>\$ 1,217</u>
Public School Preschool				
Total Revenues and Other Sources	\$ 199,480	\$ 120,000	\$ 124,589	\$ 4,589
Total Expenditures and Other Uses	<u>120,595</u>	<u>120,000</u>	<u>124,589</u>	<u>(4,589)</u>
Net Change in Fund Balance	78,885	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit)at end of year	<u>\$ 78,885</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Entry Year Programs				
Total Revenues and Other Sources	\$ 15,000	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	<u>12,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	2,500	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Data Communications				
Total Revenues and Other Sources	\$ 36,000	\$ 25,150	\$ 25,150	\$ -
Total Expenditures and Other Uses	<u>22,000</u>	<u>25,150</u>	<u>25,150</u>	<u>-</u>
Net Change in Fund Balance	14,000	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 14,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SchoolNet Professional Development				
Total Revenues and Other Sources	\$ 3,000	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	<u>23</u>	<u>23</u>	<u>23</u>	<u>-</u>
Net Change in Fund Balance	2,977	(23)	(23)	-
Fund balance at beginning of year	<u>23</u>	<u>23</u>	<u>23</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,000</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
High Schools That Work				
Total Revenues and Other Sources	\$ 8,986	\$ 7,614	\$ 7,614	\$ -
Total Expenditures and Other Uses	<u>7,614</u>	<u>7,614</u>	<u>7,614</u>	<u>-</u>
Net Change in Fund Balance	1,372	-	-	-
Fund balance (deficit) at beginning of year	(3,623)	(3,623)	(3,623)	-
Prior year encumbrances appropriated.	<u>3,623</u>	<u>3,623</u>	<u>3,623</u>	<u>-</u>
Fund deficit at end of year	<u>\$ 1,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Alternative Schools				
Total Revenues and Other Sources	\$ 80,000	\$ 49,940	\$ 51,540	\$ 1,600
Total Expenditures and Other Uses	<u>49,665</u>	<u>49,940</u>	<u>51,540</u>	<u>(1,600)</u>
Net Change in Fund Balance	30,335	-	-	-
Fund balance (deficit) at beginning of year	(770)	(770)	(770)	-
Prior year encumbrances appropriated.	<u>770</u>	<u>770</u>	<u>770</u>	<u>-</u>
Fund balance at end of year	<u>\$ 30,335</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Poverty Aid/DPIA				
Total Revenues and Other Sources	\$ 2,190,000	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	<u>40,394</u>	<u>39,004</u>	<u>39,004</u>	<u>-</u>
Net Change in Fund Balance	2,149,606	(39,004)	(39,004)	-
Fund balance at beginning of year	37,614	37,614	37,614	-
Prior year encumbrances appropriated.	<u>1,390</u>	<u>1,390</u>	<u>1,390</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,188,610</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, 2010

	<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	\$ 150,000	\$ 28,364	\$ 27,111	\$ (1,253)
Total Expenditures and Other Uses	<u>38,285</u>	<u>38,285</u>	<u>37,015</u>	<u>1,270</u>
Net Change in Fund Balance	111,715	(9,921)	(9,904)	17
Fund balance at beginning of year	7,121	7,121	7,121	-
Prior year encumbrances appropriated.	<u>2,800</u>	<u>2,800</u>	<u>2,800</u>	<u>-</u>
Fund balance at end of year	<u>\$ 121,636</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ 17</u>
Title VI-B				
Total Revenues and Other Sources	\$ 3,255,024	\$ 3,255,024	\$ 1,952,661	\$ (1,302,363)
Total Expenditures and Other Uses	<u>3,326,022</u>	<u>3,326,022</u>	<u>1,944,075</u>	<u>1,381,947</u>
Net Change in Fund Balance	(70,998)	(70,998)	8,586	79,584
Fund balance at beginning of year	29,390	29,390	29,390	-
Prior year encumbrances appropriated.	<u>41,608</u>	<u>41,608</u>	<u>41,608</u>	<u>-</u>
Fund balance (deficit) at end of year.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,584</u>	<u>\$ 79,584</u>
Education Stabilization				
Total Revenues and Other Sources	\$ 1,717,635	\$ 1,652,678	\$ 1,652,678	\$ -
Total Expenditures and Other Uses	<u>1,717,635</u>	<u>1,652,678</u>	<u>1,652,678</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated.	<u>-</u>	<u>-</u>	<u>-</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**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Stimulus Title II D				
Total Revenues and Other Sources	\$ -	\$ 81,100	\$ 50,682	\$ (30,418)
Total Expenditures and Other Uses	<u>-</u>	<u>81,100</u>	<u>50,682</u>	<u>30,418</u>
Net Change in Fund Balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Title I				
Total Revenues and Other Sources	\$ 4,307,694	\$ 4,221,805	\$ 2,938,215	\$ (1,283,590)
Total Expenditures and Other Uses	<u>4,449,233</u>	<u>4,363,344</u>	<u>3,079,753</u>	<u>1,283,591</u>
Net Change in Fund Balance	(141,539)	(141,539)	(141,538)	1
Fund balance at beginning of year	115,651	115,651	115,651	-
Prior year encumbrances appropriated.	<u>25,888</u>	<u>25,888</u>	<u>25,888</u>	<u>-</u>
Fund balance (deficit) at end of year.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
Title VI				
Total Revenues and Other Sources	\$ 15,574	\$ 13,176	\$ 13,176	\$ -
Total Expenditures and Other Uses	<u>15,574</u>	<u>13,176</u>	<u>13,176</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund balance (deficit) at beginning of year	(13,176)	(13,176)	(13,176)	-
Prior year encumbrances appropriated.	<u>13,176</u>	<u>13,176</u>	<u>13,176</u>	<u>-</u>
Fund balance at end of year	<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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Drug Free Schools Program				
Total Revenues and Other Sources	\$ 50,000	\$ 43,424	\$ 40,718	\$ (2,706)
Total Expenditures and Other Uses	<u>44,148</u>	<u>44,148</u>	<u>40,005</u>	<u>4,143</u>
Net Change in Fund Balance	5,852	(724)	713	1,437
Fund balance (deficit) at beginning of year	724	724	724	-
Prior year encumbrances appropriated.	<u>98</u>	<u>98</u>	<u>98</u>	<u>-</u>
Fund balance at end of year	<u>\$ 6,674</u>	<u>\$ 98</u>	<u>\$ 1,535</u>	<u>\$ 1,437</u>
EHA Preschool Grant				
Total Revenues and Other Sources	\$ 95,856	\$ 95,856	\$ 78,658	\$ (17,198)
Total Expenditures and Other Uses	<u>96,957</u>	<u>96,957</u>	<u>74,911</u>	<u>22,046</u>
Net Change in Fund Balance	(1,101)	(1,101)	3,747	4,848
Fund balance (deficit) at beginning of year	(774)	(774)	(774)	-
Prior year encumbrances appropriated.	<u>1,875</u>	<u>1,875</u>	<u>1,875</u>	<u>-</u>
Fund balance (deficit) at end of year.	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,848</u>	<u>\$ 4,848</u>
Reducing Class Size				
Total Revenues and Other Sources	\$ 600,000	\$ 552,880	\$ 387,543	\$ (165,337)
Total Expenditures and Other Uses	<u>583,342</u>	<u>581,649</u>	<u>399,126</u>	<u>182,523</u>
Net Change in Fund Balance	16,658	(28,769)	(11,583)	17,186
Fund balance at beginning of year	28,617	28,617	28,617	-
Prior year encumbrances appropriated.	<u>152</u>	<u>152</u>	<u>152</u>	<u>-</u>
Fund balance at end of year	<u>\$ 45,427</u>	<u>\$ -</u>	<u>\$ 17,186</u>	<u>\$ 17,186</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, 2010

	<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	\$ 825,486	\$ 756,986	\$ 721,515	\$ (35,471)
Total Expenditures and Other Uses	<u>825,672</u>	<u>757,171</u>	<u>721,700</u>	<u>35,471</u>
Net Change in Fund Balance	(186)	(185)	(185)	-
Fund balance (deficit) at beginning of year	(35,110)	(35,110)	(35,110)	-
Prior year encumbrances appropriated.	<u>35,296</u>	<u>35,296</u>	<u>35,296</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>
Food Service				
Total Revenues and Other Sources	\$ 2,600,000	\$ 2,000,000	\$ 2,188,727	\$ 188,727
Total Expenditures and Other Uses	<u>2,661,288</u>	<u>2,661,288</u>	<u>2,255,869</u>	<u>405,419</u>
Net Change in Fund Balance	(61,288)	(661,288)	(67,142)	594,146
Fund balance at beginning of year	731,217	731,217	731,217	-
Prior year encumbrances appropriated.	<u>11,151</u>	<u>11,151</u>	<u>11,151</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ 681,080</u>	<u>\$ 81,080</u>	<u>\$ 675,226</u>	<u>\$ 594,146</u>
School Activity Trusts				
Total Revenues and Other Sources	\$ 33,935	\$ 33,935	\$ 30,222	\$ (3,713)
Total Expenditures and Other Uses	<u>51,813</u>	<u>52,174</u>	<u>23,638</u>	<u>28,536</u>
Net Change in Fund Balance	(17,878)	(18,239)	6,584	24,823
Fund balance at beginning of year	96,592	96,592	96,592	-
Prior year encumbrances appropriated.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 78,714</u>	<u>\$ 78,353</u>	<u>\$ 103,176</u>	<u>\$ 24,823</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Staff Trusts				
Total Revenues and Other Sources	\$ 9,130	\$ 9,130	\$ 8,132	\$ (998)
Total Expenditures and Other Uses	<u>12,984</u>	<u>13,074</u>	<u>6,326</u>	<u>6,748</u>
Net Change in Fund Balance	(3,854)	(3,944)	1,806	5,750
Fund balance at beginning of year	13,023	13,023	13,023	-
Prior year encumbrances appropriated.	<u>296</u>	<u>296</u>	<u>296</u>	<u>-</u>
Fund balance at end of year	<u>\$ 9,465</u>	<u>\$ 9,375</u>	<u>\$ 15,125</u>	<u>\$ 5,750</u>
Classroom Facilities Maintenance				
Total Revenues and Other Sources	\$ 42,500	\$ 412,881	\$ 482,812	\$ 69,931
Total Expenditures and Other Uses	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Net Change in Fund Balance	(57,500)	312,881	482,812	169,931
Fund balance at beginning of year	<u>482,812</u>	<u>482,812</u>	<u>482,812</u>	<u>-</u>
Fund balance at end of year	<u>\$ 425,312</u>	<u>\$ 795,693</u>	<u>\$ 965,624</u>	<u>\$ 169,931</u>

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

FUND DESCRIPTION

Nonmajor Debt Service Fund

A fund used to account for the accumulation of resources and 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, 2010

	<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	\$ 5,010,000	\$ 5,549,278	\$ 5,174,237	\$ (375,041)
Total Expenditures and Other Uses	<u>4,968,988</u>	<u>4,968,988</u>	<u>4,961,881</u>	<u>7,107</u>
Net Change in Fund Balance	41,012	580,290	212,356	(367,934)
Fund balance at beginning of year	<u>3,052,393</u>	<u>3,052,393</u>	<u>3,052,393</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,093,405</u>	<u>\$ 3,632,683</u>	<u>\$ 3,264,749</u>	<u>\$ (367,934)</u>

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

FUND DESCRIPTIONS

Nonmajor Capital Projects Funds

Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). 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.

NEWARK CITY SCHOOL DISTRICT
LICKING COUNTY, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2010

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 2,075,481	\$ 7,107,836	\$ 9,183,317
Receivables:			
Property taxes	1,478,374	-	1,478,374
Total assets.	<u>\$ 3,553,855</u>	<u>\$ 7,107,836</u>	<u>\$ 10,661,691</u>
Liabilities:			
Accounts payable.	\$ 31,892	\$ -	\$ 31,892
Contracts payable.	-	730	730
Retainage payable	-	247,449	247,449
Intergovernmental payable	1,148	-	1,148
Deferred revenue.	98,662	-	98,662
Unearned revenue	1,163,962	-	1,163,962
Total liabilities.	<u>1,295,664</u>	<u>248,179</u>	<u>1,543,843</u>
Fund balances:			
Reserved for encumbrances	526,263	459,056	985,319
Reserved for tax revenue unavailable for appropriation	215,750	-	215,750
Unreserved-undesignated	1,516,178	6,400,601	7,916,779
Total fund balances	<u>2,258,191</u>	<u>6,859,657</u>	<u>9,117,848</u>
Total liabilities and fund balances	<u>\$ 3,553,855</u>	<u>\$ 7,107,836</u>	<u>\$ 10,661,691</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:			
From local sources:			
Taxes	\$ 1,462,192	\$ -	\$ 1,462,192
Earnings on investments	-	19,501	19,501
Other local revenues	-	530,000	530,000
Intergovernmental - intermediate	418	-	418
Intergovernmental - state	348,092	-	348,092
Total revenues	<u>1,810,702</u>	<u>549,501</u>	<u>2,360,203</u>
Expenditures:			
Current:			
Instruction:			
Regular	147,268	-	147,268
Support services:			
Administration	19,813	-	19,813
Fiscal	22,763	-	22,763
Business	87,294	-	87,294
Operations and maintenance	246,664	-	246,664
Pupil transportation	205,201	-	205,201
Central	3,137	-	3,137
Extracurricular activities	25,762	-	25,762
Facilities acquisition and construction	109,725	597,437	707,162
Total expenditures	<u>867,627</u>	<u>597,437</u>	<u>1,465,064</u>
Excess (deficiency) of revenues over (under) expenditures	<u>943,075</u>	<u>(47,936)</u>	<u>895,139</u>
Other financing sources (uses):			
Sale of capital assets	86,172	-	86,172
Transfers in	-	1,154,651	1,154,651
Transfers (out)	(412,881)	-	(412,881)
Total other financing sources (uses)	<u>(326,709)</u>	<u>1,154,651</u>	<u>827,942</u>
Net change in fund balances	616,366	1,106,715	1,723,081
Fund balances at beginning of year	<u>1,641,825</u>	<u>5,752,942</u>	<u>7,394,767</u>
Fund balances at end of year	<u>\$ 2,258,191</u>	<u>\$ 6,859,657</u>	<u>\$ 9,117,848</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Permanent Improvement				
Total Revenues and Other Sources	\$ 1,700,000	\$ 1,700,000	\$ 1,852,110	\$ 152,110
Total Expenditures and Other Uses	<u>1,896,533</u>	<u>1,896,533</u>	<u>1,846,212</u>	<u>50,321</u>
Net Change in Fund Balance	(196,533)	(196,533)	5,898	202,431
Fund balance at beginning of year	1,346,712	1,346,712	1,346,712	-
Prior year encumbrances appropriated	<u>164,716</u>	<u>164,716</u>	<u>164,716</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,314,895</u>	<u>\$ 1,314,895</u>	<u>\$ 1,517,326</u>	<u>\$ 202,431</u>
Building				
Total Revenues and Other Sources	\$ 350,000	\$ 350,000	\$ 1,704,152	\$ 1,354,152
Total Expenditures and Other Uses	<u>6,469,736</u>	<u>6,469,736</u>	<u>1,525,863</u>	<u>4,943,873</u>
Net Change in Fund Balance	(6,119,736)	(6,119,736)	178,289	6,298,025
Fund balance at beginning of year	2,888,823	2,888,823	2,888,823	-
Prior year encumbrances appropriated	<u>3,580,938</u>	<u>3,580,938</u>	<u>3,580,938</u>	<u>-</u>
Fund balance at end of year	<u>\$ 350,025</u>	<u>\$ 350,025</u>	<u>\$ 6,648,050</u>	<u>\$ 6,298,025</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Employee Benefits Self-Insurance				
Total Operating and Non-operating Revenues . . .	\$ 550,000	\$ 457,000	\$ 432,607	\$ (24,393)
Total Operating and Non-operating Expenses . . .	<u>500,000</u>	<u>501,500</u>	<u>501,014</u>	<u>486</u>
Net change in fund equity	50,000	(44,500)	(68,407)	(23,907)
Fund equity at beginning of year.	<u>245,206</u>	<u>245,206</u>	<u>245,206</u>	<u>-</u>
Fund equity at end of year	<u><u>\$ 295,206</u></u>	<u><u>\$ 200,706</u></u>	<u><u>\$ 176,799</u></u>	<u><u>\$ (23,907)</u></u>

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

FUND DESCRIPTIONS

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. 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 FUND

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 ASSETS
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2010

	Special Trusts	Endowment	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 41,429	\$ 9,940	\$ 51,369
Total assets.	41,429	9,940	51,369
Net Assets:			
Held in trust for scholarships	41,429	9,940	51,369
Total net assets	\$ 41,429	\$ 9,940	\$ 51,369

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

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Special Trusts	Endowment	Total
Additions:			
Interest	\$ 722	\$ 176	\$ 898
Gifts and contributions.	1,000	-	1,000
Total additions.	1,722	176	1,898
Deductions:			
Scholarships awarded	3,183	175	3,358
Change in net assets	(1,461)	1	(1,460)
Net assets at beginning of year	42,890	9,939	52,829
Net assets at end of year	\$ 41,429	\$ 9,940	\$ 51,369

**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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Special Trusts				
Total Operating and Non-operating Revenues . . .	\$ 1,935	\$ 1,935	\$ 1,722	\$ (213)
Total Operating and Non-operating Expenses . . .	<u>6,976</u>	<u>7,025</u>	<u>3,183</u>	<u>3,842</u>
Net change in fund equity	(5,041)	(5,090)	(1,461)	3,629
Fund equity at beginning of year.	<u>42,890</u>	<u>42,890</u>	<u>42,890</u>	<u>-</u>
Fund equity at end of year	<u>\$ 37,849</u>	<u>\$ 37,800</u>	<u>\$ 41,429</u>	<u>\$ 3,629</u>
Endowment				
Total Operating and Non-operating Revenues . . .	\$ 550	\$ 550	\$ 176	\$ (374)
Total Operating and Non-operating Expenses . . .	<u>150</u>	<u>175</u>	<u>175</u>	<u>-</u>
Net change in fund equity	400	375	1	(374)
Fund equity at beginning of year.	<u>9,939</u>	<u>9,939</u>	<u>9,939</u>	<u>-</u>
Fund equity at end of year	<u>\$ 10,339</u>	<u>\$ 10,314</u>	<u>\$ 9,940</u>	<u>\$ (374)</u>

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

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Beginning Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2010</u>
Student Managed Activities				
Assets:				
Equity in pooled cash and cash equivalents.	\$ 44,092	\$ 41,690	\$ 36,878	\$ 48,904
Liabilities:				
Accounts payable	\$ 506	\$ -	\$ 506	\$ -
Due to students	43,586	41,690	36,372	48,904
Total liabilities.	<u>\$ 44,092</u>	<u>\$ 41,690</u>	<u>\$ 36,878</u>	<u>\$ 48,904</u>

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STATISTICAL SECTION

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**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.

Contents

	<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.	118-131
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	132-137
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.	138-141
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.	142-143
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.	144-153

Sources: Sources are noted on the individual schedules. The District implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

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

NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 33,251,985	\$ 25,231,038	\$ 17,859,087	\$ 16,214,383
Restricted	67,827,213	76,109,543	7,388,040	5,704,916
Unrestricted (deficit)	4,424,169	(820,796)	(658,639)	(3,782,517)
Total governmental activities net assets	<u>\$ 105,503,367</u>	<u>\$ 100,519,785</u>	<u>\$ 24,588,488</u>	<u>\$ 18,136,782</u>

Source: School District financial records.

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 13,103,344	\$ 9,955,146	\$ 9,152,844	\$ 11,505,731	\$ 11,951,793
5,406,107	5,060,101	3,180,387	2,974,422	2,948,775
(3,376,375)	1,362,383	5,327,808	7,070,189	7,932,608
<u>\$ 15,133,076</u>	<u>\$ 16,377,630</u>	<u>\$ 17,661,039</u>	<u>\$ 21,550,342</u>	<u>\$ 22,833,176</u>

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

CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Expenses					
Governmental activities:					
Instruction:					
Regular	\$ 28,912,330	\$ 28,042,461	\$ 26,612,336	\$ 28,134,111	\$ 28,553,388
Special	8,652,532	7,867,634	7,386,301	7,449,750	7,431,992
Vocational	476,722	482,489	491,686	1,041,165	1,087,737
Other instructional	538,181	587,205	415,522	293,270	194,920
Support services:					
Pupil	3,141,826	3,268,163	3,165,276	3,100,714	2,901,350
Instructional staff	4,521,869	4,650,488	4,581,834	5,179,283	4,734,810
Board of education	209,247	257,859	314,946	241,624	345,371
Administration	3,512,967	3,597,685	3,621,145	4,087,770	3,910,074
Fiscal	1,145,723	1,156,392	1,162,601	1,131,945	1,105,748
Business	669,134	629,211	601,678	564,398	582,607
Operations and maintenance	5,783,283	5,472,649	4,782,208	4,989,885	5,174,107
Pupil transportation	2,354,922	1,950,329	2,066,216	2,783,937	2,565,336
Central	847,739	1,071,009	1,254,625	829,579	944,617
Operation of non-instructional services:					
Food service operations	2,247,871	2,850,515	2,794,947	2,561,467	2,604,010
Other non-instructional services	593,413	748,448	621,123	789,543	861,820
Extracurricular activities	960,411	1,011,699	925,354	1,029,804	1,071,732
Interest and fiscal charges	2,997,107	3,064,035	3,134,092	3,192,382	3,071,064
Total governmental activities expenses	<u>67,565,277</u>	<u>66,708,271</u>	<u>63,931,890</u>	<u>67,400,627</u>	<u>67,140,683</u>

2005	2004	2003	2002
\$ 28,662,755	\$ 26,376,443	\$ 24,508,474	\$ 23,411,738
6,847,032	6,345,783	5,795,463	5,757,682
1,089,735	1,182,704	1,037,110	856,973
13,059	16,306	9,625	103,762
2,847,301	2,968,230	2,703,972	2,594,162
3,898,544	3,946,139	3,486,646	3,470,282
341,420	237,432	237,865	291,754
3,945,441	4,191,719	3,988,909	3,806,315
1,008,723	1,032,761	1,006,549	999,495
523,402	527,942	535,545	539,054
5,171,450	4,960,836	4,744,279	4,037,085
2,345,807	2,167,866	2,068,391	1,870,559
881,931	780,036	914,265	879,653
2,353,651	2,382,382	2,270,663	2,161,102
717,034	892,487	777,888	778,030
900,135	899,861	860,452	851,835
1,142,139	337,037	383,297	425,593
<u>62,689,559</u>	<u>59,245,964</u>	<u>55,329,393</u>	<u>52,835,074</u>

- (Continued)

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

CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS - (Continued)
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Program Revenues					
Governmental activities:					
Charges for services:					
Instruction:					
Regular	\$ 813,838	\$ 636,853	\$ 571,523	\$ 669,166	\$ 504,724
Special	114,846	127,435	68,485	-	-
Other	-	-	-	-	-
Support services:					
Instructional staff	-	1,155	-	-	-
Board of education	41,295	-	-	-	-
Fiscal	-	25,018	24,387	23,322	23,031
Operations and maintenance	63,859	37,779	4,993	4,374	6,103
Pupil transportation	-	106,304	121,473	45,245	31,583
Operation of non-instructional services:					
Food service operations	565,411	1,067,671	1,135,897	1,123,246	1,167,613
Other non-instructional services	48,244	40,844	46,957	1,689	1,853
Extracurricular activities	346,882	403,837	411,048	232,088	243,028
Operating grants and contributions:					
Instruction:					
Regular	2,037,234	2,246,518	2,324,772	2,751,747	1,189,563
Special	2,625,382	4,096,721	4,390,760	2,400,089	2,483,275
Vocational	66,478	65,995	72,809	150,137	-
Other instructional	410,037	421,750	262,072	132,894	-
Support services:					
Pupil	339,571	291,485	419,746	155,554	86,205
Instructional staff	2,571,924	1,847,393	2,058,960	1,909,091	1,953,205
Administration	277,978	217,473	227,470	256,806	317,262
Fiscal	27,524	25,929	17,947	16,558	16,952
Operations and maintenance	12,492	26,507	10,684	169,128	1,126
Pupil transportation	37,353	182,022	234,751	147,193	7,711
Central	29,756	49,269	51,306	-	266,704
Operation of non-instructional services:					
Food service operations	1,743,778	1,542,792	1,798,117	1,479,396	1,303,190
Other non-instructional services	604,578	604,128	609,014	686,997	671,103
Extracurricular activities	19,241	54,200	28,785	143,078	33,298
Capital grants and contributions:					
Instruction:					
Regular	-	-	-	-	-
Vocational	-	-	-	-	-
Support services:					
Pupil transportation	-	-	18,364	48,266	-
Central	-	-	-	-	-
Operations and maintenance	530,000	440,110	-	-	-
Operation of non-instructional services:					
Other non-instructional services	-	-	-	-	-
Extracurricular activities	-	-	107,200	-	-
Total governmental program revenues	<u>13,327,701</u>	<u>14,559,188</u>	<u>15,017,520</u>	<u>12,546,064</u>	<u>10,307,529</u>
Net (Expense)/Revenue					
Governmental activities	<u>(54,237,576)</u>	<u>(52,149,083)</u>	<u>(48,914,370)</u>	<u>(54,854,563)</u>	<u>(56,833,154)</u>

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 435,994	\$ 509,081	\$ 600,865	\$ 354,595
-	-	-	55,533
-	-	-	14,814
-	-	-	29,006
-	-	-	-
22,764	25,413	-	-
-	-	-	-
36,234	56,190	26,144	-
1,115,521	1,111,397	1,143,462	1,140,197
40,739	13,809	59,533	19,481
224,315	186,547	252,401	215,105
924,400	918,509	695,927	1,414,333
2,571,207	2,124,975	1,999,072	1,386,837
-	4,949	275,412	32,011
-	-	-	94,583
85,377	161,869	611,351	100,168
1,239,356	989,676	1,044,045	692,945
285,052	279,937	106,734	243,264
16,946	17,568	10,670	24,739
53,875	47,566	-	-
13,926	3,683	-	3,650
258,820	124,201	151,810	110,676
1,389,461	1,189,780	1,045,963	986,069
732,407	726,918	635,275	742,935
44,861	68,353	-	142,398
-	134,475	27,368	156,123
-	-	405	7,796
-	-	-	75,144
-	-	-	8,700
-	-	-	-
-	-	-	52,877
-	-	-	-
<u>9,491,255</u>	<u>8,694,896</u>	<u>8,686,437</u>	<u>8,103,979</u>
<u>(53,198,304)</u>	<u>(50,551,068)</u>	<u>(46,642,956)</u>	<u>(44,731,095)</u>

- (Continued)

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

CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS - (Continued)
(ACCRUAL BASIS OF ACCOUNTING)

General Revenues and Other Changes in Net Assets	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental activities:					
Property taxes levied for:					
General purposes	\$ 19,590,287	\$ 14,833,502	\$ 15,244,558	\$ 16,151,573	\$ 13,703,475
Debt service	4,704,334	4,429,725	4,432,573	4,520,108	4,139,536
Capital outlay	1,485,069	1,417,711	1,463,426	1,513,579	1,393,660
School district income taxes	7,674,450	7,672,584	8,297,755	7,874,278	6,865,451
Grants and entitlements not restricted to specific programs	29,336,925	25,173,592	23,464,963	24,336,251	26,074,935
Grants restricted for Ohio Schools					
Facilities Commission	-	73,546,948	-	-	-
Gain on sale of building and land	76,724	-	-	-	-
Investment earnings	215,269	534,004	1,911,762	3,351,578	3,197,642
Miscellaneous	434,997	472,314	551,039	110,902	60,890
Special Item:					
Gain on sale of building	-	-	-	-	153,011
Total governmental activities	<u>63,518,055</u>	<u>128,080,380</u>	<u>55,366,076</u>	<u>57,858,269</u>	<u>55,588,600</u>
 Total primary government	 <u>63,518,055</u>	 <u>128,080,380</u>	 <u>55,366,076</u>	 <u>57,858,269</u>	 <u>55,588,600</u>
 Change in Net Assets					
Governmental activities	<u>\$ 9,280,479</u>	<u>\$ 75,931,297</u>	<u>\$ 6,451,706</u>	<u>\$ 3,003,706</u>	<u>\$ (1,244,554)</u>

Source: School District financial records.

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 13,508,764	\$ 14,311,729	\$ 14,055,686	\$ 12,893,048
3,109,628	502,213	504,191	529,776
1,402,882	1,493,491	1,499,180	1,439,871
6,954,810	6,675,694	6,417,041	6,665,355
25,913,567	25,130,747	22,430,681	22,642,337
-	-	-	-
-	-	-	-
983,403	274,759	396,083	826,007
41,841	124,922	57,260	174,698
-	-	-	-
<u>51,914,895</u>	<u>48,513,555</u>	<u>45,360,122</u>	<u>45,171,092</u>
<u>51,914,895</u>	<u>48,513,555</u>	<u>45,360,122</u>	<u>45,171,092</u>
<u>\$ (1,283,409)</u>	<u>\$ (2,037,513)</u>	<u>\$ (1,282,834)</u>	<u>\$ 439,997</u>

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

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund:					
Reserved	\$ 6,561,735	\$ 2,637,082	\$ 2,379,915	\$ 1,629,693	\$ 1,384,162
Unreserved	<u>4,767,201</u>	<u>3,691,856</u>	<u>3,532,692</u>	<u>1,511,007</u>	<u>2,840,394</u>
Total general fund	<u>\$ 11,328,936</u>	<u>\$ 6,328,938</u>	<u>\$ 5,912,607</u>	<u>\$ 3,140,700</u>	<u>\$ 4,224,556</u>
All Other Governmental Funds:					
Reserved	\$ 19,603,666	\$ 18,844,844	\$ 13,924,060	\$ 21,989,659	\$ 40,587,089
Unreserved, reported in:					
Special revenue funds	954,353	653,666	609,719	511,036	322,777
Capital projects funds	<u>8,796,498</u>	<u>4,322,307</u>	<u>7,636,692</u>	<u>13,732,555</u>	<u>25,765,669</u>
Total all other governmental funds	<u>\$ 29,354,517</u>	<u>\$ 23,820,817</u>	<u>\$ 22,170,471</u>	<u>\$ 36,233,250</u>	<u>\$ 66,675,535</u>

Source: School District financial records.

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$ 2,253,879	\$ 3,056,114	\$ 2,869,336	\$ 1,921,386	\$ 5,597,296
<u>6,171,645</u>	<u>9,724,153</u>	<u>11,848,025</u>	<u>13,709,331</u>	<u>10,781,632</u>
<u>\$ 8,425,524</u>	<u>\$ 12,780,267</u>	<u>\$ 14,717,361</u>	<u>\$ 15,630,717</u>	<u>\$ 16,378,928</u>
\$ 8,113,911	\$ 1,438,404	\$ 1,038,802	\$ 1,487,588	\$ 1,645,844
1,112,823	442,626	549,320	1,026,623	791,047
<u>45,356,433</u>	<u>757,890</u>	<u>892,703</u>	<u>866,111</u>	<u>352,858</u>
<u>\$ 54,583,167</u>	<u>\$ 2,638,920</u>	<u>\$ 2,480,825</u>	<u>\$ 3,380,322</u>	<u>\$ 2,789,749</u>

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

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues				
From local sources:				
Taxes	\$ 32,246,871	\$ 28,150,223	\$ 29,329,331	\$ 29,572,014
Tuition	643,778	621,504	436,338	531,753
Transportation fees	94,614	106,068	121,473	45,245
Charges for services	565,092	1,067,671	1,135,897	1,123,246
Earnings on investments	240,642	609,101	2,189,194	3,863,883
Extracurricular	352,173	395,450	439,352	233,777
Classroom materials and fees	159,170	151,117	175,530	111,387
Other local revenues	1,269,631	1,143,373	776,815	453,003
Intergovernmental - intermediate	8,028	18,939	12,000	10,500
Intergovernmental - state	47,200,320	43,994,768	29,006,860	28,566,396
Intergovernmental - federal	9,957,222	6,116,682	6,705,536	6,275,892
Total revenues	<u>92,737,541</u>	<u>82,374,896</u>	<u>70,328,326</u>	<u>70,787,096</u>
Expenditures				
Current:				
Instruction:				
Regular	28,345,078	27,519,564	26,105,825	27,575,208
Special	8,659,439	7,837,702	7,333,687	7,349,527
Vocational	444,955	486,363	474,685	1,034,465
Other	537,611	585,723	409,965	292,914
Current:				
Pupil	3,164,110	3,242,632	3,142,179	3,078,446
Instructional staff	4,481,557	4,679,590	4,588,276	5,031,555
Board of education	209,247	257,859	314,946	241,624
Administration	3,486,223	3,609,586	3,533,891	4,042,831
Fiscal	1,152,005	1,157,436	1,163,325	1,124,932
Business	614,141	557,971	533,895	497,248
Operations and maintenance	5,528,513	5,397,553	5,185,527	4,963,868
Pupil transportation	2,323,704	1,705,601	1,822,635	2,925,542
Central	818,799	1,041,645	1,230,284	933,351
Operation of non-instructional services:				
Food service operations	2,213,006	2,844,805	2,739,353	2,535,527
Other non-instructional services	595,149	734,600	601,265	756,193
Extracurricular activities	855,746	873,551	878,700	1,001,714
Facilities acquisitions and construction	14,056,143	12,410,905	16,409,668	35,123,552
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	1,915,000	2,309,760	2,443,183	1,634,327
Interest and fiscal charges	2,974,338	3,054,946	3,139,360	3,195,079
Bond issue costs	-	-	-	-
Total expenditures	<u>82,374,764</u>	<u>80,307,792</u>	<u>82,050,649</u>	<u>103,337,903</u>
Excess (deficiency) of revenues over (under) expenditures	10,362,777	2,067,104	(11,722,323)	(32,550,807)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$	29,257,119	\$ 24,950,728	\$ 23,079,582	\$ 22,360,732	\$ 21,955,345	\$ 24,228,094
	433,518	314,139	377,784	365,798	266,839	260,298
	31,583	36,234	-	-	-	-
	1,167,738	1,119,220	1,108,670	1,142,365	1,138,057	-
	2,517,486	889,366	255,264	441,642	910,298	1,520,669
	244,881	265,338	201,028	190,769	207,826	190,378
	107,197	123,699	-	-	-	-
	252,129	252,571	517,556	560,545	502,133	448,289
	16,300	31,630	11,658	48,068	150,100	103,445
	25,250,479	27,316,257	26,617,391	24,104,580	24,827,063	26,803,962
	5,960,152	6,741,015	4,860,884	3,690,727	4,284,498	-
	<u>65,238,582</u>	<u>62,040,197</u>	<u>57,029,817</u>	<u>52,905,226</u>	<u>54,242,159</u>	<u>53,555,135</u>
	27,975,004	28,065,173	25,961,258	23,448,873	22,504,640	21,720,645
	7,430,230	6,921,107	6,311,759	5,758,438	5,739,944	4,433,452
	1,072,877	1,060,164	1,176,775	985,991	823,787	681,858
	186,415	13,059	16,306	9,625	103,762	77,775
	2,855,961	2,832,431	2,933,163	2,707,721	2,548,054	2,200,299
	4,602,871	3,799,201	3,639,499	3,398,310	3,350,064	2,598,403
	345,371	341,420	237,432	237,865	291,754	356,526
	3,841,841	3,785,983	4,260,278	3,894,744	3,774,296	3,298,578
	1,091,412	1,013,159	1,024,811	985,215	1,015,716	973,054
	578,033	518,418	523,986	528,695	531,334	755,938
	5,155,432	4,753,538	4,811,768	4,328,616	3,964,949	4,321,346
	2,732,911	2,416,712	2,098,721	2,098,983	1,819,169	1,965,737
	919,891	856,895	782,421	897,046	833,307	987,512
	2,613,723	2,265,445	2,223,606	2,008,198	2,114,495	-
	682,526	778,325	678,086	797,767	849,974	655,510
	1,044,681	873,950	877,989	826,851	821,866	690,814
	9,977,873	2,401,055	467,077	1,077,052	709,610	-
	408,409	-	-	155,787	-	1,903,264
	1,689,314	256,368	423,986	380,716	449,117	543,032
	2,915,044	1,061,833	339,375	387,156	430,457	450,746
	367,892	-	-	-	-	-
	<u>78,487,711</u>	<u>64,014,236</u>	<u>58,788,296</u>	<u>54,913,649</u>	<u>52,676,295</u>	<u>48,614,489</u>
	(13,249,129)	(1,974,039)	(1,758,479)	(2,008,423)	1,565,864	4,940,646

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

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Other Financing Sources (Uses)				
Transfers in	\$ 1,644,890	\$ 475,881	\$ 3,355,161	\$ 50,000
Transfers (out)	(1,644,890)	(475,881)	(3,355,161)	(50,000)
Sale of capital assets	170,782	-	398,000	17,820
Insurance proceeds	-	-	40,013	-
Capital lease transaction	-	-	-	-
Premium on bond issuance	-	-	-	-
Payment to refunded bond escrow	-	-	-	-
Issuance of notes/bonds	-	-	-	990,000
Total other financing sources (uses)	170,782	-	438,013	1,007,820
Special Item:				
Sale of building	-	-	-	-
Net change in fund balances	<u>\$ 10,533,559</u>	<u>\$ 2,067,104</u>	<u>\$ (11,284,310)</u>	<u>\$ (31,542,987)</u>
Debt service as a percentage of noncapital expenditures	7.16%	7.90%	8.50%	7.08%

Source: School District financial records.

2006	2005	2004	2003	2002	2001
\$ 45,000	\$ 61,429	\$ 40,000	\$ 71,613	\$ -	\$ -
(45,000)	(61,429)	(40,000)	(71,613)	-	(2,556)
17,545	10,700	-	4,233	16,312	13,748
-	-	-	-	-	-
408,409	-	-	155,787	-	685,679
657,621	461,824	-	-	-	-
(5,615,280)	-	-	-	-	-
25,414,998	50,000,000	-	-	-	-
20,883,293	50,472,524	-	160,020	16,312	696,871
250,000	-	-	-	-	-
<u>\$ 7,884,164</u>	<u>\$ 48,498,485</u>	<u>\$ (1,758,479)</u>	<u>\$ (1,848,403)</u>	<u>\$ 1,582,176</u>	<u>\$ 5,637,517</u>
7.30%	2.14%	1.31%	1.43%	1.69%	2.13%

**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
2010	\$ 771,814,960	\$ 2,205,185,600	\$ -	\$ -	\$ 27,196,780	\$ 77,705,086
2009	761,319,310	2,175,198,029	1,979,095	7,916,380	25,449,240	72,712,114
2008	757,658,990	2,164,739,971	17,277,260	69,109,040	23,901,120	68,288,914
2007	748,482,390	2,138,521,114	32,795,180	131,180,720	28,457,510	81,307,171
2006	739,828,180	2,113,794,800	60,520,190	242,080,760	28,310,940	80,888,400
2005	663,274,280	1,895,069,371	58,251,640	233,006,560	28,615,340	81,758,114
2004	652,575,730	1,864,502,086	66,104,880	264,419,520	27,644,720	78,984,914
2003	642,775,000	1,836,500,000	62,139,910	248,559,640	27,832,080	79,520,229
2002	582,130,530	1,663,230,086	65,222,500	260,890,000	26,908,730	76,882,086
2001	573,100,360	1,637,429,600	63,241,970	252,967,880	37,396,510	106,847,171

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 will be 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	%	
\$ 44.05	\$ 799,011,740	\$ 2,282,890,686	35.00%	
36.64	788,747,645	2,255,826,523	34.96%	
36.42	798,837,370	2,302,137,925	34.70%	
36.42	809,735,080	2,351,009,005	34.44%	
36.35	828,659,310	2,436,763,960	34.01%	
37.02	750,141,260	2,209,834,045	33.95%	
31.13	746,325,330	2,207,906,520	33.80%	
31.14	732,746,990	2,164,579,869	33.85%	
31.21	674,261,760	2,001,002,172	33.70%	
31.22	673,738,840	1,997,244,651	33.73%	

**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			
2009/2010	\$ 7.40	\$ 3.70	30.90	6.15	2.90	4.10	44.05	2.50
2008/2009	7.10	3.70	23.40	6.24	2.90	4.10	36.64	2.50
2007/2008	7.40	3.70	23.40	6.02	2.90	4.10	36.42	3.00
2006/2007	7.40	3.70	23.40	6.02	2.90	4.10	36.42	3.00
2005/2006	7.40	3.70	23.40	5.95	2.90	4.10	36.35	3.00
2004/2005	7.20	3.70	23.40	6.62	2.90	4.10	37.02	3.00
2003/2004	7.20	3.70	23.40	0.73	2.90	4.10	31.13	2.80
2002/2003	7.20	3.70	23.40	0.74	2.90	4.10	31.14	3.00
2001/2002	7.20	3.70	23.40	0.81	2.90	4.10	31.21	2.00
2000/2001	7.20	3.70	23.40	0.82	2.90	4.10	31.22	2.00

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, 2009			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Ohio Power	\$ 22,893,330	1	2.87%
Owens Corning Fiberglas	2,478,570	2	0.31%
McMillen Two & Three Ltd. Partnership	2,398,240	3	0.30%
Meijer Stores Ltd Partnership	2,271,220	4	0.28%
Ohio II TIC Et. Al.	2,268,420	5	0.28%
Sharonbrooke Inn Ltd.	2,237,900	6	0.28%
Newark Ambulatory Surgery Center	2,207,100	7	0.28%
State Farm Mutual Auto Insurance	2,197,730	8	0.28%
Gannett Midwest Publishing Inc.	2,193,080	9	0.27%
Indian Valley Plaza Ltd.	2,059,510	10	0.26%
Total	\$ 43,205,100		\$ 799,011,740

December 31, 2000			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Ohio Power Company	\$ 16,147,640	1	2.40%
Alltel Ohio, Inc.	6,446,870	2	0.96%
State Farm Mutual Auto Insurance	5,593,430	3	0.83%
The Energy Cooperative	5,017,300	4	0.74%
Southgate Company LLP	2,424,370	5	0.36%
Owens Corning, Inc.	3,311,000	6	0.49%
Columbia Gas	3,198,890	7	0.47%
Health Care Prop. Investors Inc.	2,266,430	8	0.34%
Holophane, Inc.	1,747,550	9	0.26%
Two Holdings, Inc.	1,609,510	10	0.24%
Total	\$ 47,762,990		673,738,840

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
2009/2010	(1)	(1)	(1)	(1)	(1)
2008/2009	\$ 22,747,047	\$ 955,080	\$ 23,702,127	\$ 21,791,967	95.80%
2007/2008	22,883,262	1,506,842	24,390,104	22,103,989	96.59%
2006/2007	23,478,761	1,369,068	24,847,829	22,627,569	96.37%
2005/2006	23,531,790	1,181,979	24,713,769	22,594,745	96.02%
2004/2005	17,841,154	1,159,133	19,000,287	17,363,135	97.32%
2003/2004	17,991,082	1,148,299	19,139,381	17,153,105	95.34%
2002/2003	17,082,951	1,181,308	18,264,259	16,492,781	96.55%
2001/2002	16,803,018	1,490,888	18,293,906	16,203,429	96.43%
2000/2001	16,481,808	918,277	17,400,085	15,589,000	94.58%

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)
\$ 617,404	\$ 22,409,371	94.55%
701,356	22,805,345	93.50%
740,785	23,368,354	94.05%
640,753	23,235,498	94.02%
575,124	17,938,259	94.41%
618,793	17,771,898	92.86%
567,595	17,060,376	93.41%
910,882	17,114,311	93.55%
460,105	16,049,105	92.24%

**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	Bond Anticipation Notes	Capital Leases				
2010	\$ 67,928,845	\$ -	\$ -	\$ -	\$ 67,928,845	1,468	11,193	8.24%
2009	69,795,868	-	-	-	69,795,868	1,508	10,798	8.46%
2008	71,617,734	330,000	-	119,760	72,067,494	1,557	11,142	8.74%
2007	73,349,998	841,037	-	151,502	74,342,537	1,606	11,069	9.02%
2006	74,713,333	-	-	387,270	75,100,603	1,623	11,116	9.11%
2005	56,231,826	-	-	141,349	56,373,175	1,218	8,208	6.84%
2004	6,289,928	-	-	339,615	6,629,543	143	950	0.80%
2003	6,524,928	-	610,000	528,601	7,663,529	166	1,099	0.93%
2002	6,749,928	-	1,195,000	528,530	8,473,458	183	1,213	1.03%
2001	7,074,928	-	1,755,000	652,647	9,482,575	205	1,313	1.15%

Source: School District financial records

(a) See notes to the financial statements regarding the District's outstanding debt information.

(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	Fund Balances Reserved for Debt Service	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2010	\$ 67,928,845	\$ (3,262,279)	\$ 64,666,566	2.83%	1,397
2009	69,795,868	(3,355,712)	66,440,156	2.95%	1,436
2008	71,617,734	(3,322,423)	68,295,311	2.97%	1,476
2007	73,349,998	(3,293,229)	70,056,769	2.98%	1,514
2006	74,713,333	(2,927,364)	71,785,969	2.95%	1,551
2005	56,231,826	(2,294,660)	53,937,166	2.44%	1,165
2004	6,289,928	(282,205)	6,007,723	0.27%	130
2003	6,524,928	(364,156)	6,160,772	0.28%	133
2002	6,749,928	(398,990)	6,350,938	0.32%	137
2001	7,074,928	(412,635)	6,662,293	0.33%	144

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

Source: School District financial records

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

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2010**

<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	\$ 67,928,845	100.00%	\$ 67,928,845
Overlapping debt:			
City of Newark	17,519,991	92.84%	16,265,560
Licking County	7,540,000	21.62%	1,630,148
Licking County Joint Vocational School	31,209,991	20.94%	6,535,372
Total overlapping debt	<u>56,269,982</u>		<u>24,431,080</u>
 Total direct and overlapping debt	 <u>\$ 124,198,827</u>		 <u>\$ 92,359,925</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.

**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	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
2010	\$ 71,896,470	\$ 67,779,998	\$ 3,970,159	\$ 63,809,839	\$ 8,086,631	88.75%
2009	70,791,123	69,694,998	3,619,912	66,075,086	4,716,037	93.34%
2008	70,318,435	71,554,998	3,556,523	67,998,475	2,319,960	96.70%
2007	69,401,367	70,056,769	3,545,229	66,511,540	2,889,827 (a)	N/A
2006	74,579,338	71,785,969	3,121,764	68,664,205	5,915,133	92.07%
2005	67,512,713	53,937,166	2,820,860	51,116,306	16,396,407	75.71%
2004	67,169,280	6,007,723	285,205	5,722,518	61,446,762	8.52%
2003	65,947,229	6,160,772	422,566	5,738,206	60,209,023	8.70%
2002	60,683,558	6,350,938	438,890	5,912,048	54,771,510	9.74%
2001	60,636,496	6,662,293	589,515	6,072,778	54,563,718	10.02%

Source: Licking County Auditor and School District financial records

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>
2010	46,279	\$ 17,819	\$ 824,645,501	35.9	6,069	9.8%	10.4%	9.6%
2009	46,279	17,819	824,645,501	35.9	6,464	10.3%	11.1%	9.5%
2008	46,279	17,819	824,645,501	35.9	6,468	6.1%	6.6%	5.5%
2007	46,279	17,819	824,645,501	35.9	6,716	5.5%	5.5%	4.7%
2006	46,279	17,819	824,645,501	35.9	6,756	3.4%	5.1%	4.4%
2005	46,279	17,819	824,645,501	35.9	6,868	5.8%	5.9%	5.0%
2004	46,279	17,819	824,645,501	35.9	6,978	5.9%	6.2%	5.1%
2003	46,279	17,819	824,645,501	35.9	6,973	6.0%	6.2%	5.7%
2002	46,279	17,819	824,645,501	35.9	6,985	5.1%	5.7%	6.0%
2001	46,279	17,819	824,645,501	35.9	7,222	3.9%	4.4%	5.8%

(1) U. S. Census Bureau information for the City of Newark

(2) School District records

(3) U.S. Bureau of Labor Statistics, Bureau of Labor Statistics

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

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	December 31, 2009		
	Employees	Rank	Percentage of Total City Employment
Licking County Memorial Hospital	1,130	1	6.27%
Licking County Government	1,124	2	6.24%
Anomatic Corporation	960	3	5.33%
Newark City Schools	948	4	5.26%
State Farm Insurance	900	5	4.99%
OSUN/COTC	900	6	4.99%
Meijer, Inc.	700	7	3.88%
Walmart	695	8	3.86%
Owens Corning Fiberglas	590	9	3.27%
Longaberger Corp.	480	10	2.66%
Total	8,427		46.76%
Total Employment within the City	18,021		

Employer	December 31, 2000		
	Employees	Rank	Percentage of Total City Employment
Owens Corning Fiberglas	1,620	1	7.92%
Licking County Government	1,150	2	5.62%
Licking Memorial Hospital	1,128	3	5.52%
Anomatic Corporation	959	4	4.69%
Newark City Schools	949	5	4.64%
OSUN/COTC	903	6	4.42%
State Farm Insurance	900	7	4.40%
Meijer, Inc.	702	8	3.43%
Holophane	520	9	2.54%
Longaberger Corp.	520	10	2.54%
Total	9,351		45.73%
Total Employment within the City	20,448		

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 EIGHT FISCAL YEARS**

<u>Type</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Office - administrative	26.9	30.0	31.0	33.1	32.0	33.0	39.0	38.0
Professional - educational	429.8	438.0	429.9	484.2	480.2	506.4	520.4	499.0
Professional - other	23.7	26.3	25.1	24.7	22.2	23.8	20.8	20.8
Technical	28.0	32.7	29.9	40.4	38.8	35.8	22.9	22.3
Office - clerical	59.7	57.5	59.1	61.9	63.3	69.7	77.5	77.2
Craft & trade	9.3	10.0	10.0	11.0	11.0	12.0	12.0	12.0
Operative	30.2	22.1	21.6	33.5	35.1	33.8	30.8	32.8
Service worker/laborer	107.0	110.7	114.2	118.4	118.6	113.8	114.6	112.3
Total	<u>714.6</u>	<u>727.4</u>	<u>720.8</u>	<u>807.2</u>	<u>801.2</u>	<u>828.3</u>	<u>838.0</u>	<u>814.4</u>
Function	2010	2009	2008	2007	2006	2005	2004	2003
Instruction:								
Regular	317.9	315.6	310.2	334.3	333.9	369.7	357.9	356.5
Special	95.6	92.9	89.1	104.6	98.5	103.1	118.5	96.8
Vocational	5.5	4.6	5.6	13.0	13.0	15.0	15.0	16.0
Other	2.5	2.5	2.5	1.0	1.0	0.0	0.0	0.0
Support Services:								
Pupil	41.8	44.5	42.9	44.7	42.3	44.3	45.4	41.3
Instructional staff	72.6	76.3	77.6	88.9	88.4	78.3	75.7	76.9
Administration	42.9	45.9	44.9	52.8	52.8	54.8	56.9	57.8
Fiscal	6.2	8.0	8.0	8.1	8.0	8.1	9.0	9.0
Business	5.5	5.5	5.5	6.4	6.5	6.5	6.6	6.5
Operations and maintenance	55.2	56.5	59.0	59.4	59.8	60.7	61.2	63.1
Pupil transportation	29.4	28.2	28.4	46.4	46.4	41.1	38.6	40.1
Central	3.4	2.0	2.2	3.0	3.0	2.0	4.0	5.0
Other non-instructional services:								
Food service operations	30.9	39.4	39.5	37.4	40.0	37.3	37.6	37.5
Other non-instructional	3.2	3.4	3.4	5.2	5.5	4.7	8.9	5.2
Extracurricular activities	2.0	2.0	2.0	2.0	2.1	2.7	2.7	2.7
Total Governmental Activities	<u>714.6</u>	<u>727.4</u>	<u>720.8</u>	<u>807.2</u>	<u>801.2</u>	<u>828.3</u>	<u>838.0</u>	<u>814.4</u>

Source: School District records

Note: Information prior to 2003 was not available.

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

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

Function	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Instruction:										
Regular and Special										
Enrollment (students)	6,069	6,464	6,538	6,716	6,756	6,868	6,978	6,973	6,985	7,222
Graduates	291	317	284	364	343	342	379	358	389	423
Support services:										
Board of education										
Regular meetings per year	12	11	11	12	11	11	12	12	11	12
Special meetings per year	8	25	12	8	12	12	12	9	19	14
Administration										
Student attendance rate	94.40%	94.30%	94.20%	94.60%	94.50%	94.30%	94.30%	94.10%	93.60%	93.00%
Fiscal										
Nonpayroll checks issued	3,247	3,232	3,273	3,835	4,433	4,724	4,903	5,059	5,563	6,323
Operations and maintenance										
Square footage maintained	853,789	853,786	844,332	796,774	796,774	844,297	844,297	844,297	844,297	844,297
Pupil transportation										
Avg. students transported daily	1,448	1,527	1,565	3,256	3,207	3,661	3,553	3,864	3,545	3,837
Food service operations										
Meals served to students	668,186	779,974	781,780	750,181	718,825	687,158	648,920	620,651	592,566	579,042

Source: School District records

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

**CAPITAL ASSET STATISTICS
LAST NINE FISCAL YEARS**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Land	\$ 1,705,643	\$ 1,712,273	\$ 1,712,273	\$ 1,706,908	\$ 1,706,908
Land improvements	71,708	91,900	101,368	133,028	134,111
Buildings and improvements	3,905,946	4,410,773	4,793,956	4,632,149	5,348,085
Furniture, fixtures and equipment	940,765	1,288,726	1,397,594	1,584,682	1,589,540
Vehicles	1,274,370	1,306,073	1,546,279	1,758,447	1,601,981
Construction in progress	<u>81,928,465</u>	<u>72,409,044</u>	<u>60,286,787</u>	<u>44,520,724</u>	<u>9,494,295</u>
 Total Governmental Activities Capital Assets, net	 <u>\$ 89,826,897</u>	 <u>\$ 81,218,789</u>	 <u>\$ 69,838,257</u>	 <u>\$ 54,335,938</u>	 <u>\$ 19,874,920</u>

Source: School District financial records.

Note: Amounts above are presented net of accumulated depreciation.

- (1) The 2003 Capital Asset balances were restated in the 2004 report due to changes made to the capital asset policy and corrections of errors and omissions in the prior years. The restated balance is presented.

2005	2004	2003 (1)	2002
\$ 1,713,468	\$ 774,622	\$ 774,622	\$ 801,394
176,670	176,968	158,795	140,394
5,798,231	5,691,531	6,305,152	6,858,984
1,203,641	1,591,234	1,753,042	3,464,335
1,327,627	1,246,020	1,184,183	1,215,216
382,680	12,084	6,748	-
<u>\$ 10,602,317</u>	<u>\$ 9,492,459</u>	<u>\$ 10,182,542</u>	<u>\$ 12,480,323</u>

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

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Ben Franklin Elementary (1954)						
Square feet	62,169	38,632	38,632	38,632	38,632	38,632
Capacity (students)	350	309	309	309	309	309
Enrollment	312	385	332	297	296	265
Carson Elementary (2008)						
Square feet	61,073	61,073	61,073	(8)	(8)	(8)
Capacity (students)	500	500	500	(8)	(8)	(8)
Enrollment	527	469	446	(8)	(8)	(8)
(4) Cherry Valley Elementary (2008)						
Square feet	61,073	61,073	61,073	30,160	30,160	30,160
Capacity (students)	500	500	500	241	241	241
Enrollment	436	466	446	346	370	293
Conrad Elementary (1905)						
Square feet	(3)	(3)	(3)	28,875	28,875	28,875
Capacity (students)	(3)	(3)	(3)	231	231	231
Enrollment	(3)	(3)	(3)	226	229	214
Hazelwood Elementary (1910)						
Square feet	(1)	(1)	(1)	(1)	(1)	23,036
Capacity (students)	(1)	(1)	(1)	(1)	(1)	184
Enrollment	(1)	(1)	(1)	(1)	(1)	223
Hillview Elementary (2008)						
Square feet	61,073	61,073	61,073	(8)	(8)	(8)
Capacity (students)	500	500	500	(8)	(8)	(8)
Enrollment	444	446	456	(8)	(8)	(8)
John Clem Elementary (1958)						
Square feet	28,152	28,152	28,152	28,152	28,152	28,152
Capacity (students)	225	225	225	225	225	225
Enrollment	473	374	413	359	341	352
Kettering Elementary (1958)						
Square feet	(3)	(3)	(3)	17,021	17,021	17,021
Capacity (students)	(3)	(3)	(3)	136	136	136
Enrollment	(3)	(3)	(3)	288	282	279
Legend Elementary (2007)						
Square feet	61,073	61,073	61,073	(5)	(5)	(5)
Capacity (students)	500	500	500	(5)	(5)	(5)
Enrollment	532	414	446	(5)	(5)	(5)
Maholm Elementary (1954)						
Square feet	(2)	(2)	(2)	(2)	(2)	24,487
Capacity (students)	(2)	(2)	(2)	(2)	(2)	195
Enrollment	(2)	(2)	(2)	(2)	(2)	159
(9) McGuffey Elementary (1958)						
Square feet	32,562	32,562	32,562	32,562	32,562	32,562
Capacity (students)	260	260	260	260	260	260
Enrollment	454	371	378	328	367	290

2004	2003	2002	2001
38,632	38,632	38,632	38,632
309	309	309	309
272	274	255	273
(8)	(8)	(8)	(8)
(8)	(8)	(8)	(8)
(8)	(8)	(8)	(8)
30,160	30,160	30,160	30,160
241	241	241	241
287	286	302	321
28,875	28,875	28,875	28,875
231	231	231	231
198	204	226	229
23,036	23,036	23,036	23,036
184	184	184	184
233	231	230	222
(8)	(8)	(8)	(8)
(8)	(8)	(8)	(8)
(8)	(8)	(8)	(8)
28,152	28,152	28,152	28,152
225	225	225	225
336	336	318	348
17,021	17,021	17,021	17,021
136	136	136	136
277	261	280	285
(5)	(5)	(5)	(5)
(5)	(5)	(5)	(5)
(5)	(5)	(5)	(5)
24,487	24,487	24,487	24,487
195	195	195	195
174	176	163	156
32,562	32,562	32,562	32,562
260	260	260	260
300	299	288	309

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

**SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS - (Continued)**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Miller Elementary (1969)						
Square feet	(7)	33,197	33,197	33,197	33,197	33,197
Capacity (students)	(7)	265	265	265	265	265
Enrollment	(7)	354	368	394	396	377
North Elementary (1928)						
Square feet	(5)	(5)	(5)	36,784	36,784	36,784
Capacity (students)	(5)	(5)	(5)	294	294	294
Enrollment	(5)	(5)	(5)	407	394	391
West Main Intermediate (1925)						
Square feet	(3)	(3)	(3)	54,330	54,330	54,330
Capacity (students)	(3)	(3)	(3)	434	434	434
Enrollment	(3)	(3)	(3)	422	423	424
Central Intermediate (1940)						
Square feet	(3)	(3)	(3)	43,961	43,961	43,961
Capacity (students)	(3)	(3)	(3)	352	352	352
Enrollment	(3)	(3)	(3)	312	317	372
(6) Heritage Middle School (1929)						
Square feet	56,959	56,959	56,959	56,959	56,959	56,959
Capacity (students)	455	455	455	455	455	455
Enrollment	415	429	417	370	362	230
Liberty Middle School (2008)						
Square feet	69,922	69,922	69,922	(8)	(8)	(8)
Capacity (students)	450	450	450	(8)	(8)	(8)
Enrollment	483	491	534	(8)	(8)	(8)
(10) Roosevelt Middle School (1929)						
Square feet	(3)	(3)	(3)	58,453	58,453	58,453
Capacity (students)	(3)	(3)	(3)	387	387	387
Enrollment	(3)	(3)	(3)	317	341	349
Wilson Middle School (1929)						
Square feet	67,907	67,907	67,907	55,525	55,525	55,525
Capacity (students)	450	387	387	367	367	367
Enrollment	437	453	463	427	375	395
High School (1961)						
Square feet	241,763	241,763	241,763	241,763	241,763	241,763
Capacity (students)	1,447	1,447	1,447	1,447	1,447	1,447
Enrollment	1,556	1,685	1,630	1,732	1,712	1,731
Administrative Service Center						
Square feet	19,000	19,000	19,000	19,000	19,000	19,000
Transportation and warehouse						
Square feet	21,400	21,400	21,400	21,400	21,400	21,400

Source: School District records

Note: Year of original construction is in parentheses

- (1) Hazelwood - closed end of 04-05 school year and sold November 2005
- (2) Maholm - closed end of 04-05 school year and is leased to a sponsored community school during 05-06 school year
- (3) Conrad, West Main, Central Intermediate, Roosevelt and Kettering closed at the end of the 2006-2007 year
Central was sold in July 2008. Conrad was sold in October 2008.
Kettering was demolished to make room for the new Heritage building.
- (4) Cherry Valley moved into a new building in January 2008. The old Cherry Valley building (1916) was demolished
- (5) North was renamed Legend and moved into a new building in January 2008.
- (6) Lincoln was renamed Heritage beginning of 2007-2008 school year.
- (7) Miller was closed during fiscal year 2010.
- (8) Hillview, Liberty and Carson were opened in 2008.
- (9) McGuffey students were moved into West Main Intermediate during 2010 until renovations are completed.
- (10) John Clem students were moved into Roosevelt Middle School during 2010 until renovations are completed.

2004	2003	2002	2001
33,197	33,197	33,197	33,197
265	265	265	265
391	397	378	389
36,784	36,784	36,784	36,784
294	294	294	294
401	379	378	367
54,330	54,330	54,330	54,330
434	434	434	434
387	406	411	426
43,961	43,961	43,961	43,961
352	352	352	352
382	370	358	366
56,959	56,959	56,959	56,959
455	455	455	455
264	257	260	294
(8)	(8)	(8)	(8)
(8)	(8)	(8)	(8)
(8)	(8)	(8)	(8)
58,453	58,453	58,453	58,453
387	387	387	387
326	357	368	353
55,525	55,525	55,525	55,525
367	367	367	367
390	410	431	411
241,763	241,763	241,763	241,763
1,447	1,447	1,447	1,447
1,826	1,815	1,827	1,959
19,000	19,000	19,000	19,000
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 (2)		Enrollment	Percent Change
	Expenditures (1)	Cost per pupil	Expenses	Cost per pupil		
2010	\$ 77,485,426	\$ 12,767	\$ 67,565,277	\$ 11,133	6,069	(6.11) %
2009	74,943,086	11,594	66,708,271	10,320	6,464	(1.13) %
2008	76,468,106	11,696	63,931,890	9,779	6,538	(2.65) %
2007	98,508,497	14,668	67,400,627	10,036	6,716	(0.59) %
2006	73,515,461	10,882	67,140,683	9,938	6,756	(1.63) %
2005	62,696,035	9,129	62,689,559	9,128	6,868	(1.58) %
2004	58,024,935	8,315	59,245,964	8,490	6,978	0.07 %
2003	54,145,777	7,765	55,329,393	7,935	6,973	(0.17) %
2002	51,796,721	7,415	52,835,074	7,564	6,985	(3.28) %
2001	47,620,711	6,594	n/a	n/a	7,222	(2.34) %

Source: School District financial records

(1) Debt Service totals have been excluded as the principal and interest payments are not applied toward per pupil expenditures.

(2) The District implemented GASB 34 in fiscal year 2002.

Teaching Staff	Pupil/Teacher Ratio	Student Attendance Percentage
430	14.12	94.40%
408	15.84	94.30%
389	16.81	94.20%
428	15.69	94.60%
443	15.25	94.50%
493	13.93	94.30%
417	16.73	94.30%
429	16.25	94.10%
439	15.91	93.60%
434	16.64	93.00%

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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 24, 2011