



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ending June 30, 2013







# Dave Yost • Auditor of State

Board of Education  
Newark City School District  
621 Mount Vernon Rd.  
Newark, OH 43055

We have reviewed the *Independent Auditor's Report* of the Newark City School District, Licking County, prepared by Kennedy Cottrell Richards LLC, for the audit period July 1, 2012 through June 30, 2013. 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

January 3, 2014

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COMPREHENSIVE  
ANNUAL FINANCIAL REPORT

OF THE

NEWARK CITY  
SCHOOL DISTRICT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2013

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

621 MOUNT VERNON ROAD

NEWARK, OHIO 43055

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# **INTRODUCTORY SECTION**

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

December 9, 2013

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

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

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

This transmittal letter is designed to provide historical information about the District, as well as complement the required Management’s Discussion and Analysis (discussed below). Unless noted otherwise, the financial data in this transmittal letter is presented on the modified accrual basis of accounting. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). The District’s MD&A, which focuses on the government-wide statements, can be found on page 15 of the financial section of this report.

## **PROFILE OF THE SCHOOL DISTRICT**

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

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

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

During fiscal year 2013, the District had 6,433 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 1,515 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, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control required by Ohio Revised Code is at the fund level. The legal level of budgetary control imposed by the District (the highest level for which expenditures cannot legally exceed the appropriated amount) is established at the fund level for all budgeted funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to succeeding years and are not re-appropriated.

### **ECONOMIC CONDITION AND OUTLOOK**

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

The City of Newark offers an excellent opportunity for business growth and expansion. The City stimulates the economy through a diverse group of employers, from the small family operated business to the major commercial/industrial and service corporations. The five largest employers in the District in terms of numbers of employees are: 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. In fiscal year 2009, collections decreased 3.5% signaling the start of the current economic downturn of local businesses. In fiscal year 2010 and 2011, collections continued to decline. In fiscal year 2012, income tax collections increased approximately 1% from 2011. In fiscal year 2013, income tax collections increased 3.9% from 2012. The District believes that the increases in the 2012 and 2013 collections shows signs that the economy has leveled off locally and is slightly improving.

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

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

The District uses the five-year forecast to provide a basis for making financial decisions, including the construction of the annual budget, adjustments to staffing levels, collective bargaining, and the placement of tax levies on the ballot. Specific examples of recent decisions that have resulted in the improvements in the District's financial condition include the Board instituting \$5.1 million in cuts for fiscal year 2008 and the passage of the five year 7.44 mil emergency operating on May 5, 2009. The District successfully passed the renewal of the income tax in May 2007 for five years. This income tax was renewed again for another Five years in May 2011 therefore the Income tax will continue until December 2017. The next ballot issue was the renewal or replacement of the 7.44 mil emergency levy which will expire in 2014. This levy was approved by the voters in November 2013.

## **MAJOR INITIATIVES AND ACCOMPLISHMENTS**

### *Accomplishments for 2013*

#### *Financial*

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

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

#### *Instruction*

The District achieved the following grades on the 2012 State of Ohio District report card:

Achievement	A	95.8%
Performance index	B	91.5%
4 year graduation	C	85.9%
5 year graduation	C	86.9%
Closing the Gap	D	67.8%

## Achievement Tests

State and federal law requires testing students in grades 3 - 8 and grade 10 in various subjects. During 2012 - 2013, the following tests were administered:

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

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

Reading	95.5%
Writing	95.2%
Math	92.6%
Social Studies	93.5%
Science	89.3%

## ***Initiatives for 2014***

### ***Financial***

To receive the Certificate of Excellence in Financial Reporting from the GFOA for the District's 2013 CAFR.

To receive the Award for Outstanding Achievement in Popular Annual Financial Reporting from the GFOA for the 2013 Popular Annual Financial Report.

### ***Instruction***

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



## AWARDS AND ACKNOWLEDGEMENTS

### *GFOA Certificate of Achievement*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Newark City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012.

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.

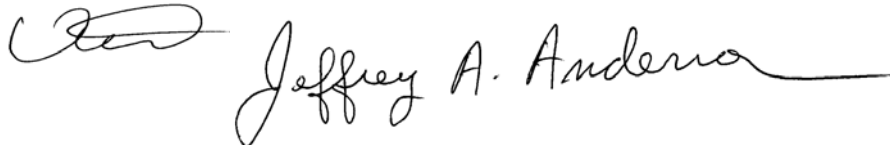
### *Acknowledgements*

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**

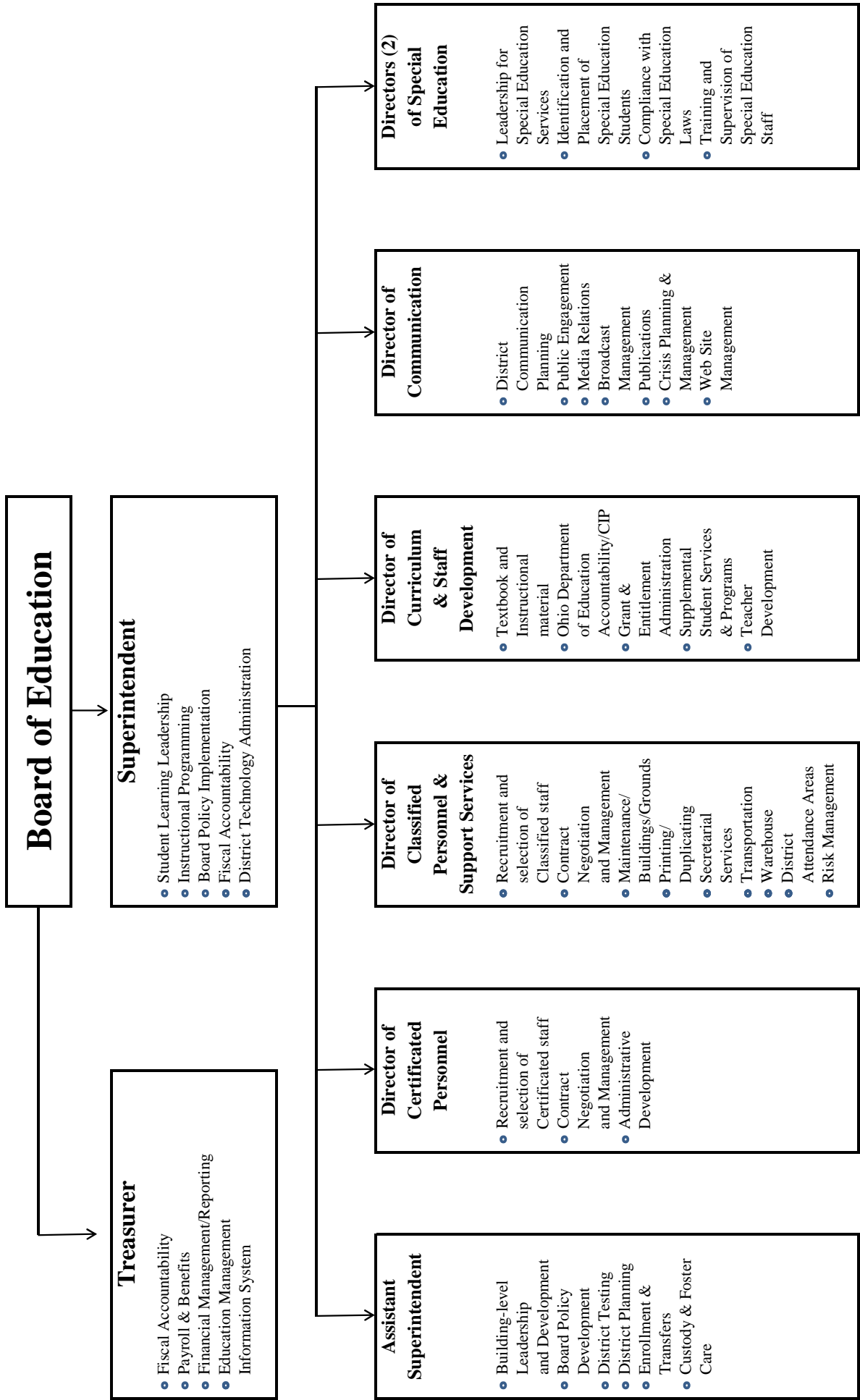
### **PRINCIPAL OFFICERS**

#### **Board of Education**

Beverly Niccum	Board Member, President (term expires 12/31/13)
Dan Bybee	Board Member, Vice President (term expires 12/31/13)
Tom Bline	Board Member (term expires 12/31/15)
Tim Carr	Board Member (term expires 12/31/15)
Kurt Harden	Board Member (term expires 12/31/15)

#### **Administration**

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





Government Finance Officers Association

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

Presented to

**Newark City School District  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

# **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Newark City School District  
Licking County  
621 Mount Vernon Road  
Newark, Ohio 43055

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Newark City School District, Licking County, Ohio (The District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Newark City School District, Licking County, Ohio, as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Government's internal control over financial reporting and compliance.



KENNEDY COTTRELL RICHARDS LLC  
December 9, 2013



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)**

The management's discussion and analysis of the Newark City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the transmittal letter, notes to the basic financial statements and basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2013 are as follows:

- The District's net position of governmental activities increased \$2,162,761 which represents a 1.99% increase from 2012 as restated (see Note 3.A).
- General revenues accounted for \$61,264,335 in revenue or 82.12% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$13,338,061 or 17.88% of total revenues of \$74,602,396.
- The District had \$72,439,635 in expenses related to governmental activities; only \$13,338,061 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 \$61,264,335 were adequate to provide for these programs.
- The District's major governmental funds include the general fund, debt service fund and classroom facilities fund. The general fund had \$59,756,887 in revenues and other financing sources and \$58,222,838 in expenditures and other financing uses. During fiscal 2013, the general fund's fund balance increased \$1,534,049 from a balance of \$12,839,718 to \$14,373,767.
- The debt service fund had \$4,203,719 in revenues and \$4,923,634 in expenditures. During fiscal year 2013, the debt service fund balance decreased by \$719,915 from \$3,136,030 to \$2,416,115.
- The classroom facilities fund had \$2,104,556 in revenues and \$8,069,471 in expenditures and other financing uses. During fiscal year 2013, the classroom facilities fund balance decreased by \$5,964,915 from \$8,865,779 to \$2,900,864.

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

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

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the major funds are the general fund, debt service 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, 2013  
(UNAUDITED)

**Reporting the District as a Whole**

*Statement of Net Position and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The statement of net position and statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. The accrual basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance, pupil transportation, extracurricular activities, operation of non-instructional services, and food service operations. The statement of net position and statement of activities can be found on pages 27-28, 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 22. 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, debt service 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 position and statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 29-32 and the budgetary statement for the general fund can be found on page 33.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

***Proprietary Funds***

The District maintains only one type of proprietary fund. The internal service fund is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District has an internal service fund to account for a self-insurance program which provides dental benefits to employees. The basic proprietary fund financial statements can be found on pages 34-36 of this report.

***Fiduciary Funds***

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 37 and 38. 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 39-86 of this report.

**The District as a Whole**

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for 2013 and 2012 as restated. Certain amounts for fiscal year 2012 have been restated to conform to new reporting standards implemented in fiscal year 2013 (see Note 3.A).

	Governmental Activities	
	2013	Restated 2012
<b><u>Assets</u></b>		
Current and other assets	\$ 61,325,969	\$ 71,610,744
Capital assets, net	146,829,818	139,122,838
Total assets	208,155,787	210,733,582
<b><u>Deferred outflows of resources</u></b>	1,294,171	1,409,421
<b><u>Liabilities</u></b>		
Current liabilities	8,269,984	10,074,841
Long-term liabilities	66,853,373	69,387,526
Total liabilities	75,123,357	79,462,367
<b><u>Deferred inflows of resources</u></b>	23,314,184	23,830,980
<b><u>Net Position</u></b>		
Net investment in capital assets	87,567,379	81,178,055
Restricted	13,354,997	19,658,990
Unrestricted	10,090,041	8,012,611
Total net position	\$ 111,012,417	\$ 108,849,656

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)**

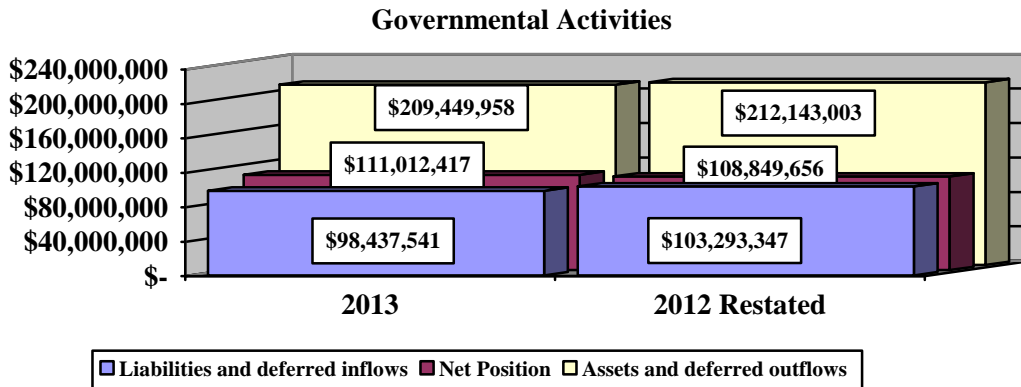
Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$111,012,417.

Total capital assets, net increased as the District continued the construction and renovation of various buildings. These projects are being financed through the Ohio Facilities Construction Commission (OFFC), formerly known as the Ohio School Facility Commission (OSFC). This construction and addition of capital assets also resulted in an increase of net position net investment in capital assets. Restricted net position decreased primarily in the area of net position restricted for capital projects. This amount decreases each year as the District receives and spends funding from the OFFC for the various construction projects.

At year-end, capital assets represented 70.54% of total assets. Capital assets include land, land improvements, buildings and improvements, construction in progress, furniture and equipment and vehicles. The net investment in capital assets at June 30, 2013, was \$87,567,379. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$13,354,997, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was \$10,090,041.

The graph below illustrates the District's governmental activities assets plus deferred outflows, liabilities plus deferred inflows and net position at June 30, 2013 and 2012 as restated. Amounts for fiscal year 2012 have been restated to conform to new reporting standards implemented in fiscal year 2013 (see Note 3.A).



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

The table below shows the changes in net position for governmental activities between 2012 and 2013:

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 1,763,834	\$ 1,784,591
Operating grants and contributions	11,169,227	11,184,502
Capital grants and contributions	405,000	-
General revenues:		
Property taxes	24,312,904	24,083,641
School district income taxes	8,119,680	7,817,597
Revenue in lieu of taxes	8,504	8,109
Grants and entitlements	28,256,565	27,367,109
Gain on sale of capital assets	56,789	-
Investment earnings	48,591	64,799
Other	<u>461,302</u>	<u>690,646</u>
Total revenues	<u>74,602,396</u>	<u>73,000,994</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	33,001,079	33,765,227
Special	9,533,160	8,440,344
Vocational	370,850	414,361
Other	263,687	272,675
Support services:		
Pupil	3,694,655	3,583,008
Instructional staff	3,974,951	4,423,319
Board of Education	130,169	200,947
Administration	3,627,531	3,595,887
Fiscal	1,283,969	1,196,301
Business	450,361	657,712
Operations and maintenance	6,094,397	6,342,432
Pupil transportation	2,439,472	2,934,032
Central	1,055,945	878,151
Operation of non-instructional services:		
Other non-instructional services	775,455	626,023
Food service operations	2,385,819	2,646,025
Extracurricular activities	639,287	1,027,671
Interest and fiscal charges	<u>2,718,848</u>	<u>2,660,397</u>
Total expenses	<u>72,439,635</u>	<u>73,664,512</u>
Extraordinary Item	<u>-</u>	<u>(2,180,642)</u>
Changes in net position	2,162,761	(2,844,160)
Net position at beginning of year (restated)	<u>108,849,656</u>	<u>111,693,816</u>
Net position at end of year	<u>\$ 111,012,417</u>	<u>\$ 108,849,656</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

**Governmental Activities**

Net position of the District's governmental activities increased \$2,162,761. Total governmental expenses of \$72,439,635 were offset by program revenues of \$13,338,061, and general revenues of \$61,264,335. Program revenues supported 18.41% of the total governmental expenses.

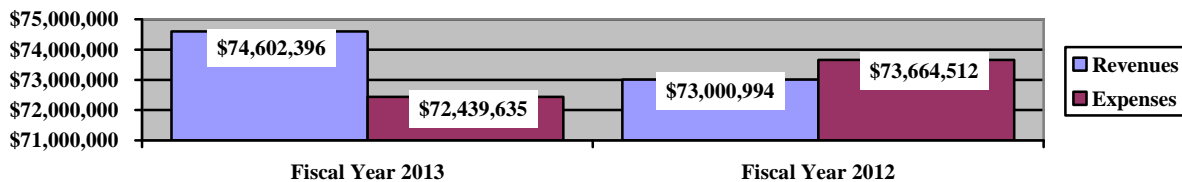
The primary sources of revenue for governmental activities are derived from general revenues such as property taxes, school district income taxes, and grants and entitlements. These three sources of revenue total \$60,689,149 and represent 81.35% of total governmental revenue. School district income taxes increased \$302,083, or 3.86%, due to increased income tax collections resulting from improved economic condition from the prior year. Grants and entitlements not restricted to specific programs increased \$889,456, or 3.25%, due to increased funding from the State of Ohio through Foundation payments.

The extraordinary item reported in fiscal year 2012 for \$2,180,642 resulted from a construction project amendment which decreased the scope of work to be performed under the agreement with the OFCC. This extraordinary item had a negative impact on the District's net position in 2012. No extraordinary items occurred in fiscal year 2013.

Overall, expenses decreased \$1,204,877, or 1.64%. Special instruction expenditures increased approximately \$1.1 million over 2012 due to increased special education costs coupled with the accrual of expense related to a payable to the U.S. Department of Education of approximately \$440,000 for fiscal year 2011 IDEA Maintenance of Effort. Regular instruction expenses, support services instructional staff expenses and support services pupil transportation expenses decreased \$761,148, \$448,368 and \$494,560, respectively, due primarily to cost cutting measures implemented by the District.

The graph below presents the governmental activities revenues and expenses for fiscal years 2013 and 2012.

**Governmental Activities - Revenues and Expenses**



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2013 compared to 2012. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

<u>Governmental Activities</u>				
	Total Cost of Services <u>2013</u>	Net Cost of Services <u>2013</u>	Total Cost of Services <u>2012</u>	Net Cost of Services <u>2012</u>
Program expenses:				
Instruction:				
Regular	\$ 33,001,079	\$ 31,777,760	\$ 33,765,227	\$ 32,489,864
Special	9,533,160	4,598,746	8,440,344	3,295,200
Vocational	370,850	296,235	414,361	347,385
Other	263,687	263,687	272,675	269,177
Support services:				
Pupil	3,694,655	3,485,277	3,583,008	3,317,181
Instructional staff	3,974,951	1,640,405	4,423,319	2,260,955
Board of Education	130,169	130,169	200,947	200,947
Administration	3,627,531	3,501,504	3,595,887	3,455,698
Fiscal	1,283,969	1,276,213	1,196,301	1,188,545
Business	450,361	450,361	657,712	657,712
Operations and maintenance	6,094,397	5,963,132	6,342,432	6,207,254
Pupil transportation	2,439,472	1,912,548	2,934,032	2,545,856
Central	1,055,945	631,145	878,151	858,351
Operation of non-instructional services:				
Other non-instructional services	775,455	98,573	626,023	(11,471)
Food service operations	2,385,819	(77,247)	2,646,025	225,780
Extracurricular activities	639,287	434,218	1,027,671	726,588
Interest and fiscal charges	2,718,848	2,718,848	2,660,397	2,660,397
<b>Total expenses</b>	<b><u>\$ 72,439,635</u></b>	<b><u>\$ 59,101,574</u></b>	<b><u>\$ 73,664,512</u></b>	<b><u>\$ 60,695,419</u></b>

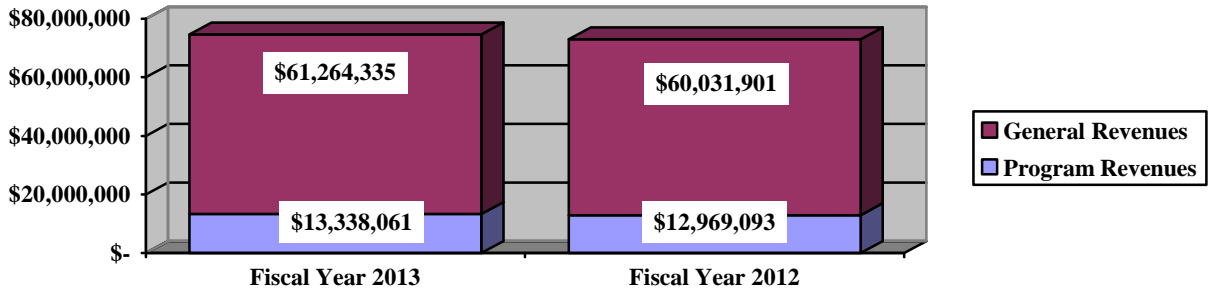
The dependence upon tax and other general revenues for governmental activities is apparent, 85.56% of instruction activities, totaling \$43,168,776, are supported through taxes and other general revenues. For all governmental activities, general revenue support is 81.59%.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

The graph below presents the District's general and program revenues for fiscal years 2013 and 2012.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 29) reported a combined fund balance of \$25,053,850, which is lower than last year's total of \$31,726,140. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2013 and 2012.

	<u>Fund Balance June 30, 2013</u>	<u>Fund Balance June 30, 2012</u>	<u>Increase (Decrease)</u>
General	\$ 14,373,767	\$ 12,839,718	\$ 1,534,049
Debt Service	2,416,115	3,136,030	(719,915)
Classroom Facilities	2,900,864	8,865,779	(5,964,915)
Other Governmental	<u>5,363,104</u>	<u>6,884,613</u>	<u>(1,521,509)</u>
Total	<u>\$ 25,053,850</u>	<u>\$ 31,726,140</u>	<u>\$ (6,672,290)</u>



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

***General Fund***

The District's general fund balance increased \$1,534,049. The table below summarizes the revenues and expenditures for fiscal year 2013 and 2012:

	2013 <u>Amount</u>	2012 <u>Amount</u>	Percentage <u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 27,520,530	\$ 26,303,859	4.63 %
Tuition	788,387	647,337	21.79 %
Earnings on investments	39,982	41,159	(2.86) %
Intergovernmental	30,473,613	29,634,998	2.83 %
Other revenues	<u>888,476</u>	<u>1,271,558</u>	(30.13) %
Total	<u>\$ 59,710,988</u>	<u>\$ 57,898,911</u>	3.13 %
<b><u>Expenditures</u></b>			
Instruction	\$ 38,559,795	\$ 36,502,333	5.64 %
Support services	18,974,536	19,194,323	(1.15) %
Operation of non-instructional services	43,017	42,493	1.23 %
Extracurricular activities	266,355	711,618	(62.57) %
Debt service	<u>252,462</u>	<u>251,344</u>	0.44 %
Total	<u>\$ 58,096,165</u>	<u>\$ 56,702,111</u>	2.46 %

The increase in tuition was due to open enrollment there were more students from other districts. Taxes increased as a result of an increase in income tax revenues. Taxes revenues (both property and income tax revenues) increased primarily due to increased income tax collections resulting from improving economic conditions within the District's boundaries. The decrease in other revenues is the result of fewer extracurricular revenues and other miscellaneous local revenue. Overall, all other revenues remained consistent with the previous year. The decrease in extracurricular activities expenditures is primarily due to cost containment policies implemented by the District. Instruction expenditures increased due to increased costs associated with special education programs. Overall, expenditures are being controlled primarily through staff reductions and cost cutting measures.

***Debt Service Fund***

The debt service fund had \$4,203,719 in revenues and \$4,923,634 in expenditures. During fiscal year 2013, the debt service fund balance decreased by \$719,915 from \$3,136,030 to \$2,416,115. The decrease in fund balance was a result of the debt service payments being greater than the associated revenues.

***Classroom Facilities Fund***

The classroom facilities fund had \$2,104,556 in revenues and \$8,069,471 in expenditures and other financing uses. During fiscal year 2013, the classroom facilities fund balance decreased by \$5,964,915 from \$8,865,779 to \$2,900,864. The decrease in fund balance was a result of expenditures related to OFCC construction projects and a transfer out of \$2,095,126 to the building fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2013, the original and final budgeted revenues and other financing sources were \$59,475,944 and \$59,526,998 respectively. Actual revenues and other financing sources for fiscal year 2013 were \$60,596,951. Actual revenues and other financing sources were \$1,069,953 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 \$62,779,469 were increased to \$62,853,123 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2013 totaled \$60,700,324, which was \$2,152,799 lower than the final budget appropriations. The variances in budgeted expenditures were primarily caused by changes in estimates for salaries and wages.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2013, the District had \$146,829,818 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 2013 balances compared to 2012.

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

	Governmental Activities	
	2013	2012
Land	\$ 1,599,684	\$ 1,617,250
Land improvements	458,575	136,686
Building and improvements	138,758,171	52,900,901
Furniture and equipment	755,154	835,305
Vehicles	1,484,290	1,171,338
Construction in progress	4,550,028	82,461,358
Total	\$ 147,605,902	\$ 139,122,838

Total additions to capital assets for 2013 were \$10,519,109 and total disposals were \$79,110 (net of accumulated depreciation). Depreciation recorded for the fiscal year totaled \$1,956,935.

The overall increase in capital assets, net of accumulated depreciation, of \$8,483,064 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 OFCC grant revenues.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

***Debt Administration***

At June 30, 2013, the District had \$61,710,000 in general obligation bonds and \$328,967 in capital lease obligations. Of this total, \$2,422,425 is due within one year and \$59,616,542 is due in greater than one year.

The following table summarizes the bonds outstanding at June 30, 2013 and 2012.

<b>Outstanding Debt, at Year End</b>		
	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>
General obligation bonds:		
Library improvement	\$ 4,255,000	\$ 4,585,000
School improvement	57,455,000	59,225,000
Capital lease obligations	<u>328,967</u>	<u>565,833</u>
<b>Total</b>	<b><u>\$ 62,038,967</u></b>	<b><u>\$ 64,375,833</u></b>

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

**Economic Conditions and Outlook**

As the preceding information shows, the District relies heavily upon grants and entitlements, property taxes and school district income taxes. The current tax revenue, along with the District's cash balance, is projected (based on the October 2013 five year forecast that can be found on the Ohio Department of Education's website) to provide the District with the necessary funds to meet its operating expenses through fiscal year 2015. The District cash balance is expected to be depleted by the end of fiscal year 2016. The future financial stability is not without challenges.

The first issue facing the District is the instability of the local economy. The second issue is the uncertainty of the state budget allocations. The third issue is the uncertainty of the Federal Grant programs. Fiscal year 2014 enrollment is expected to increase slightly over the fiscal 2013 level.

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

**Contacting the District's Financial Management**

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

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

STATEMENT OF NET POSITION  
JUNE 30, 2013

	<b>Primary Government</b>	<b>Component Units</b>	
	<b>Governmental Activities</b>	<b>Newark Digital Academy</b>	<b>Par Excellence Academy</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . .	\$ 29,428,080	\$ 2,119,397	\$ 540,306
Receivables:			
Property taxes . . . . .	27,079,614	-	-
Income taxes . . . . .	3,743,592	-	-
Payment in lieu of taxes . . . . .	11,102	-	-
Accounts . . . . .	4,508	-	5,083
Accrued interest . . . . .	2,603	-	-
Intergovernmental . . . . .	946,741	186,153	34,714
Prepayments . . . . .	70,877	750	-
Materials and supplies inventory . . . . .	38,852	-	-
Capital assets:			
Nondepreciable capital assets . . . . .	6,149,712	67,655	10,000
Depreciable capital assets, net . . . . .	141,456,190	364,490	142,028
Capital assets, net . . . . .	147,605,902	432,145	152,028
Total assets . . . . .	208,931,871	2,738,445	732,131
<b>Deferred outflows of resources:</b>			
Unamortized deferred charges on debt refundings .	1,294,171	-	-
<b>Liabilities:</b>			
Accounts payable . . . . .	267,278	8,694	5,755
Contracts payable . . . . .	1,440,184	14,168	-
Retainage payable . . . . .	438,296	-	-
Accrued wages and benefits payable . . . . .	4,690,520	42,740	74,297
Pension obligation payable . . . . .	1,147,363	-	14,692
Intergovernmental payable . . . . .	826,381	13,462	2,522
Accrued interest payable . . . . .	221,206	-	-
Claims payable . . . . .	14,840	-	-
Long-term liabilities:			
Due within one year . . . . .	2,745,789	-	25,649
Due in more than one year . . . . .	64,107,584	-	-
Total liabilities . . . . .	75,899,441	79,064	122,915
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year . . .	23,303,082	-	-
Payment in lieu of taxes levied for next fiscal year .	11,102	-	-
Total deferred inflows of resources . . . . .	23,314,184	-	-
<b>Net position:</b>			
Net investment in capital assets . . . . .	87,567,379	417,977	130,613
Restricted for:			
Capital projects . . . . .	7,154,395	-	-
Classroom facilities maintenance . . . . .	2,414,060	-	-
Debt service . . . . .	2,524,112	-	-
Locally funded programs . . . . .	17,571	-	-
State funded programs . . . . .	3,178	-	2,281
Federally funded programs . . . . .	160,891	173,899	29,729
Student activities . . . . .	241,808	-	-
Food service operations . . . . .	838,982	-	-
Other purposes . . . . .	-	-	6,642
Unrestricted . . . . .	10,090,041	2,067,505	439,951
Total net position . . . . .	\$ 111,012,417	\$ 2,659,381	\$ 609,216

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, 2013

	Net (Expense) Revenue and Changes in Net Position						
	Expenses	Program Revenues			Primary Government	Component Units	
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Newark Digital Academy	Par Excellence Academy
<b>Governmental activities:</b>							
Instruction:							
Regular . . . . .	\$ 33,001,079	\$ 776,913	\$ 446,406	\$ -	\$ (31,777,760)	\$ -	\$ -
Special . . . . .	9,533,160	180,189	4,754,225	-	(4,598,746)	-	-
Vocational . . . . .	370,850	-	74,615	-	(296,235)	-	-
Other . . . . .	263,687	-	-	-	(263,687)	-	-
Support services:							
Pupil . . . . .	3,694,655	-	209,378	-	(3,485,277)	-	-
Instructional staff . . . . .	3,974,951	-	2,334,546	-	(1,640,405)	-	-
Board of education . . . . .	130,169	-	-	-	(130,169)	-	-
Administration . . . . .	3,627,531	-	126,027	-	(3,501,504)	-	-
Fiscal . . . . .	1,283,969	-	7,756	-	(1,276,213)	-	-
Business . . . . .	450,361	-	-	-	(450,361)	-	-
Operations and maintenance . . . . .	6,094,397	12,218	119,047	-	(5,963,132)	-	-
Pupil transportation . . . . .	2,439,472	94,812	432,112	-	(1,912,548)	-	-
Central . . . . .	1,055,945	-	19,800	405,000	(631,145)	-	-
Operation of non-instructional services:							
Food service operations . . . . .	2,385,819	517,229	1,945,837	-	77,247	-	-
Other non-instructional services . . . . .	775,455	36,846	640,036	-	(98,573)	-	-
Extracurricular activities . . . . .	639,287	145,627	59,442	-	(434,218)	-	-
Interest and fiscal charges . . . . .	2,718,848	-	-	-	(2,718,848)	-	-
Total governmental activities . . . . .	<u>\$ 72,439,635</u>	<u>\$ 1,763,834</u>	<u>\$ 11,169,227</u>	<u>\$ 405,000</u>	<u>(59,101,574)</u>	<u>-</u>	<u>-</u>
<b>Component units:</b>							
Newark Digital Academy . . . . .	\$ 1,511,561	\$ -	\$ 288,662	\$ -	-	(1,222,899)	-
Par Excellence Academy . . . . .	1,060,141	-	123,371	-	-	-	(936,770)
Total component units . . . . .	<u>\$ 2,571,702</u>	<u>\$ -</u>	<u>\$ 412,033</u>	<u>\$ -</u>	<u>-</u>	<u>(1,222,899)</u>	<u>(936,770)</u>
<b>General revenues:</b>							
Property taxes levied for:							
General purposes . . . . .					19,435,032	-	-
Debt service . . . . .					3,521,282	-	-
Capital outlay . . . . .					943,709	-	-
Facilities maintenance . . . . .					412,881	-	-
Income taxes levied for:							
General purposes . . . . .					8,119,680	-	-
Payments in lieu of taxes . . . . .					8,504	-	-
Grants and entitlements not restricted							
to specific programs . . . . .					28,256,565	1,839,574	897,609
Investment earnings . . . . .					48,591	2,814	748
Gain on sale of capital assets . . . . .					56,789	56,242	42,988
Miscellaneous . . . . .					461,302	-	-
Total general revenues . . . . .					<u>61,264,335</u>	<u>1,898,630</u>	<u>941,345</u>
Change in net position . . . . .					2,162,761	675,731	4,575
<b>Net position at beginning of year (restated) .</b>					<u>108,849,656</u>	<u>1,983,650</u>	<u>604,641</u>
<b>Net position at end of year . . . . .</b>					<u>\$ 111,012,417</u>	<u>\$ 2,659,381</u>	<u>\$ 609,216</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

	General	Debt Service	Classroom Facilities	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in pooled cash and cash equivalents . . . . .	\$ 16,227,510	\$ 2,222,275	\$ 3,442,866	\$ 7,345,383	\$ 29,238,034
Receivables:					
Property taxes . . . . .	21,744,654	3,709,335	-	1,625,625	27,079,614
Income taxes . . . . .	3,743,592	-	-	-	3,743,592
Payment in lieu of taxes . . . . .	9,099	1,248	-	755	11,102
Accounts . . . . .	4,508	-	-	-	4,508
Accrued interest . . . . .	2,603	-	-	-	2,603
Interfund loans . . . . .	98,083	-	-	-	98,083
Intergovernmental . . . . .	180,480	-	89,784	676,477	946,741
Prepayments . . . . .	69,412	-	-	1,465	70,877
Materials and supplies inventory . . . . .	-	-	-	38,852	38,852
Total assets . . . . .	<u>\$ 42,079,941</u>	<u>\$ 5,932,858</u>	<u>\$ 3,532,650</u>	<u>\$ 9,688,557</u>	<u>\$ 61,234,006</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 221,249	\$ -	\$ -	\$ 46,029	\$ 267,278
Contracts payable . . . . .	-	-	542,002	898,182	1,440,184
Retainage payable . . . . .	-	-	-	438,296	438,296
Accrued wages and benefits payable . . . . .	4,073,401	-	-	617,119	4,690,520
Compensated absences payable . . . . .	70,770	-	-	-	70,770
Pension obligation payable . . . . .	981,961	-	-	165,402	1,147,363
Intergovernmental payable . . . . .	792,013	-	-	34,368	826,381
Interfund loans payable . . . . .	-	-	-	98,083	98,083
Total liabilities . . . . .	<u>6,139,394</u>	<u>-</u>	<u>542,002</u>	<u>2,297,479</u>	<u>8,978,875</u>
<b>Deferred inflows of resources:</b>					
Property taxes levied for the next fiscal year . . . . .	18,705,727	3,186,292	-	1,411,063	23,303,082
Payment in lieu of taxes levied for next fiscal year . . . . .	9,099	1,248	-	755	11,102
Delinquent property tax revenue not available . . . . .	1,913,597	329,203	-	134,112	2,376,912
Accrued interest revenue not available . . . . .	745	-	-	-	745
Miscellaneous revenue not available . . . . .	1,714	-	-	-	1,714
Income tax revenue not available . . . . .	935,898	-	-	-	935,898
Intergovernmental revenue not available . . . . .	-	-	89,784	482,044	571,828
Total deferred inflows of resources . . . . .	<u>21,566,780</u>	<u>3,516,743</u>	<u>89,784</u>	<u>2,027,974</u>	<u>27,201,281</u>
<b>Fund balances:</b>					
Nonspendable:					
Materials and supplies inventory . . . . .	-	-	-	38,852	38,852
Prepays . . . . .	69,412	-	-	1,465	70,877
Restricted:					
Debt service . . . . .	-	2,416,115	-	-	2,416,115
Capital improvements . . . . .	-	-	2,900,864	2,151,155	5,052,019
Classroom facilities maintenance . . . . .	-	-	-	2,414,060	2,414,060
Food service operations . . . . .	-	-	-	884,692	884,692
Non-public schools . . . . .	-	-	-	3,178	3,178
Special education . . . . .	-	-	-	628	628
Other purposes . . . . .	-	-	-	17,573	17,573
Extracurricular . . . . .	-	-	-	241,808	241,808
Committed:					
Insurance risk reserve . . . . .	689,729	-	-	-	689,729
Assigned:					
Student instruction . . . . .	75,038	-	-	-	75,038
Student and staff support . . . . .	879,470	-	-	-	879,470
Subsequent year's appropriations . . . . .	635,501	-	-	-	635,501
Debt service . . . . .	289	-	-	-	289
Other purposes . . . . .	17,594	-	-	-	17,594
Unassigned (deficit) . . . . .	12,006,734	-	-	(390,307)	11,616,427
Total fund balances . . . . .	<u>14,373,767</u>	<u>2,416,115</u>	<u>2,900,864</u>	<u>5,363,104</u>	<u>25,053,850</u>
Total liabilities, deferred inflows and fund balances . . . . .	<u>\$ 42,079,941</u>	<u>\$ 5,932,858</u>	<u>\$ 3,532,650</u>	<u>\$ 9,688,557</u>	<u>\$ 61,234,006</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2013

<b>Total governmental fund balances</b>		\$	25,053,850
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			147,605,902
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	2,376,912	
Income taxes receivable		935,898	
Accounts receivable		1,714	
Accrued interest receivable		745	
Intergovernmental receivable		571,828	
Total		3,887,097	3,887,097
An internal service fund is used by management to charge the costs of dental insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			175,206
Unamortized premiums on bonds issued are not recognized in the funds.			(2,065,727)
Deferred outflows of resources related to unamortized deferred charges on debt refundings are not recognized in the funds.			1,294,171
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(221,206)
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		(61,710,000)	
Capital lease obligations		(328,967)	
Compensated absences		(2,677,909)	
Total		(64,716,876)	(64,716,876)
<b>Net position of governmental activities</b>		\$	111,012,417

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>Debt Service</u>	<u>Classroom Facilities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
From local sources:					
Property taxes . . . . .	\$ 19,437,678	\$ 3,612,101	\$ -	\$ 1,356,707	\$ 24,406,486
Income taxes . . . . .	8,082,852	-	-	-	8,082,852
Payment in lieu of taxes . . . . .	6,622	1,444	-	438	8,504
Tuition . . . . .	788,387	-	-	-	788,387
Transportation fees . . . . .	94,812	-	-	-	94,812
Earnings on investments . . . . .	39,982	-	6,104	4,787	50,873
Charges for services . . . . .	-	-	-	522,869	522,869
Extracurricular . . . . .	297	-	-	167,462	167,759
Classroom materials and fees . . . . .	129,328	-	-	-	129,328
Rental income . . . . .	6,578	-	-	-	6,578
Contributions and donations . . . . .	130,547	-	-	65,061	195,608
Contract services . . . . .	23,449	-	-	-	23,449
Other local revenues . . . . .	496,843	-	725	413,871	911,439
Intergovernmental - state . . . . .	30,221,300	590,174	2,097,727	1,277,309	34,186,510
Intergovernmental - federal . . . . .	252,313	-	-	6,689,100	6,941,413
Total revenues . . . . .	<u>59,710,988</u>	<u>4,203,719</u>	<u>2,104,556</u>	<u>10,497,604</u>	<u>76,516,867</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	30,414,269	-	-	807,456	31,221,725
Special . . . . .	7,638,301	-	-	1,919,943	9,558,244
Vocational . . . . .	246,831	-	-	17,546	264,377
Other . . . . .	260,394	-	-	-	260,394
Support services:					
Pupil . . . . .	3,409,348	-	-	202,620	3,611,968
Instructional staff . . . . .	1,604,970	-	-	2,255,694	3,860,664
Board of education . . . . .	130,169	-	-	-	130,169
Administration . . . . .	3,255,183	-	-	301,267	3,556,450
Fiscal . . . . .	1,107,395	63,759	-	112,001	1,283,155
Business . . . . .	439,660	-	-	11,186	450,846
Operations and maintenance . . . . .	5,696,113	-	-	293,320	5,989,433
Pupil transportation . . . . .	2,326,419	-	-	373,325	2,699,744
Central . . . . .	1,005,279	-	-	49,795	1,055,074
Operation of non-instructional services:					
Food service operations . . . . .	-	-	-	2,211,304	2,211,304
Other non-instructional services . . . . .	43,017	-	-	724,437	767,454
Extracurricular activities . . . . .	266,355	-	-	161,456	427,811
Facilities acquisition and construction . . . . .	-	-	5,974,345	4,892,181	10,866,526
Debt service:					
Principal retirement . . . . .	236,866	2,100,000	-	-	2,336,866
Interest and fiscal charges . . . . .	15,596	2,759,875	-	-	2,775,471
Total expenditures . . . . .	<u>58,096,165</u>	<u>4,923,634</u>	<u>5,974,345</u>	<u>14,333,531</u>	<u>83,327,675</u>
Excess of revenues over (under) expenditures . . . . .	<u>1,614,823</u>	<u>(719,915)</u>	<u>(3,869,789)</u>	<u>(3,835,927)</u>	<u>(6,810,808)</u>
<b>Other financing sources (uses):</b>					
Sale of capital assets . . . . .	45,899	-	-	90,000	135,899
Transfers in . . . . .	-	-	-	2,221,799	2,221,799
Transfers (out) . . . . .	(126,673)	-	(2,095,126)	-	(2,221,799)
Total other financing sources (uses) . . . . .	<u>(80,774)</u>	<u>-</u>	<u>(2,095,126)</u>	<u>2,311,799</u>	<u>135,899</u>
Net change in fund balances . . . . .	1,534,049	(719,915)	(5,964,915)	(1,524,128)	(6,674,909)
<b>Fund balances at beginning of year . . . . .</b>	<b>12,839,718</b>	<b>3,136,030</b>	<b>8,865,779</b>	<b>6,884,613</b>	<b>31,726,140</b>
<b>Increase in reserve for inventory . . . . .</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,619</b>	<b>2,619</b>
<b>Fund balances at end of year . . . . .</b>	<b><u>\$ 14,373,767</u></b>	<b><u>\$ 2,416,115</u></b>	<b><u>\$ 2,900,864</u></b>	<b><u>\$ 5,363,104</u></b>	<b><u>\$ 25,053,850</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<b>Net change in fund balances - total governmental funds</b>	\$	(6,674,909)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 10,519,109	
Current year depreciation	<u>(1,956,935)</u>	
Total		8,562,174
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(79,110)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		
		2,619
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property tax revenue	(93,582)	
Income tax revenue	36,828	
Earnings on investments	(1,118)	
Other local revenue	(5,614)	
Intergovernmental	<u>(1,907,774)</u>	
Total		(1,971,260)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Bonds	2,100,000	
Capital leases	<u>236,866</u>	
Total		2,336,866
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 less interest being reported in the statement of activities:		
Decrease in accrued interest payable	8,784	
Amortization of bond premiums	163,089	
Amortization of deferred charges on debt refundings	<u>(115,250)</u>	
Total		56,623
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(127,377)
An internal service fund used by management to charge the costs of dental 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.		
		<u>57,135</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>2,162,761</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 19,190,417	\$ 19,180,812	\$ 19,552,118	\$ 371,306
Income taxes . . . . .	7,824,883	7,820,966	7,972,367	151,401
Tuition . . . . .	773,802	773,415	788,387	14,972
Transportation fees . . . . .	95,550	95,502	97,351	1,849
Earnings on investments . . . . .	37,415	37,396	38,120	724
Classroom materials and fees . . . . .	126,298	126,234	128,678	2,444
Rental income . . . . .	6,456	6,453	6,578	125
Contributions and donations . . . . .	75,724	75,686	77,151	1,465
Contract services . . . . .	23,015	23,004	23,449	445
Other local revenues . . . . .	343,739	424,391	350,218	(74,173)
Intergovernmental - intermediate . . . . .	6,499	6,496	6,622	126
Intergovernmental - state . . . . .	29,662,224	29,647,377	30,221,300	573,923
Intergovernmental - federal . . . . .	247,645	247,521	252,313	4,792
<b>Total revenues . . . . .</b>	<b>58,413,667</b>	<b>58,465,253</b>	<b>59,514,652</b>	<b>1,049,399</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	32,605,327	32,011,922	31,478,916	533,006
Special . . . . .	6,487,669	6,970,855	7,266,250	(295,395)
Vocational . . . . .	316,695	314,633	258,612	56,021
Other . . . . .	149,983	149,378	264,278	(114,900)
Support services:				
Pupil . . . . .	3,377,574	3,393,991	3,421,964	(27,973)
Instructional staff . . . . .	1,979,312	2,075,318	1,782,680	292,638
Board of education . . . . .	386,068	393,815	218,055	175,760
Administration . . . . .	3,423,575	3,274,308	3,249,720	24,588
Fiscal . . . . .	1,131,816	1,165,156	1,141,275	23,881
Business . . . . .	561,151	575,751	512,519	63,232
Operations and maintenance . . . . .	6,616,667	6,789,774	6,263,576	526,198
Pupil transportation . . . . .	3,282,941	3,267,368	2,465,939	801,429
Central . . . . .	1,034,467	1,048,283	1,065,096	(16,813)
Operation of non-instructional services:				
Other non-instructional services . . . . .	1,710	1,708	242	1,466
Extracurricular activities . . . . .	404,222	401,741	268,235	133,506
Debt service:				
Principal . . . . .	38,217	38,488	38,488	-
Interest and fiscal charges . . . . .	8,275	8,334	8,334	-
<b>Total expenditures . . . . .</b>	<b>61,805,669</b>	<b>61,880,823</b>	<b>59,704,179</b>	<b>2,176,644</b>
Excess of expenditures over revenues . . . . .	(3,392,002)	(3,415,570)	(189,527)	3,226,043
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	126,573	126,510	128,959	2,449
Refund of prior year's receipts . . . . .	(30,000)	(28,500)	-	28,500
Transfers in . . . . .	759,584	759,204	773,901	14,697
Transfers (out) . . . . .	(260,800)	(892,206)	(891,972)	234
Advances in . . . . .	125,118	125,055	127,476	2,421
Advances (out) . . . . .	(675,000)	(43,594)	(98,083)	(54,489)
Other uses . . . . .	(8,000)	(8,000)	(6,090)	1,910
Sale of capital assets . . . . .	51,002	50,976	51,963	987
<b>Total other financing sources (uses) . . . . .</b>	<b>88,477</b>	<b>89,445</b>	<b>86,154</b>	<b>(3,291)</b>
Net change in fund balance . . . . .	(3,303,525)	(3,326,125)	(103,373)	3,222,752
<b>Fund balance at beginning of year . . . . .</b>	<b>13,282,583</b>	<b>13,282,583</b>	<b>13,282,583</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>1,744,021</b>	<b>1,744,021</b>	<b>1,744,021</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 11,723,079</b>	<b>\$ 11,700,479</b>	<b>\$ 14,923,231</b>	<b>\$ 3,222,752</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2013

	<b>Governmental Activities - Internal Service Fund</b>
<b>Current assets:</b>	
Equity in pooled cash and cash equivalents . .	\$ 190,046
Total assets. . . . .	<u>190,046</u>
<b>Current liabilities:</b>	
Claims payable . . . . .	<u>14,840</u>
Total liabilities . . . . .	<u>14,840</u>
<b>Net position:</b>	
Unrestricted. . . . .	<u>175,206</u>
Total net position. . . . .	<u><u>\$ 175,206</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 POSITION  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating revenues:</b>	
Charges for services . . . . .	\$ 511,984
Total operating revenues . . . . .	<u>511,984</u>
<b>Operating expenses:</b>	
Purchased services . . . . .	48,441
Claims . . . . .	<u>406,408</u>
Total operating expenses . . . . .	<u>454,849</u>
Operating income / change in net position . . .	<u>57,135</u>
<b>Net position at beginning of year . . . . .</b>	<u>118,071</u>
<b>Net position at end of year . . . . .</b>	<u><u>\$ 175,206</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, 2013

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from charges for services . . . . .	\$ 511,984
Cash payments for purchased services . . . . .	(48,441)
Cash payments for claims . . . . .	<u>(418,118)</u>
Net cash provided by operating activities . . . . .	<u>45,425</u>
Net increase in cash and cash equivalents . . . . .	45,425
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<u>144,621</u>
<b>Cash and cash equivalents at end of year . . . . .</b>	<u><u>\$ 190,046</u></u>
 <b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income . . . . .	\$ 57,135
Changes in assets and liabilities:	
Decrease in claims payable . . . . .	<u>(11,710)</u>
Net cash provided by operating activities . . . . .	<u><u>\$ 45,425</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2013

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . .	\$ 45,467	\$ 51,649
Total assets. . . . .	45,467	\$ 51,649
<b>Liabilities:</b>		
Due to students. . . . .	-	\$ 51,649
Total liabilities . . . . .	-	\$ 51,649
<b>Net position:</b>		
Held in trust for scholarships . . . . .	45,467	
Total net position. . . . .	\$ 45,467	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 182
Gifts and contributions . . . . .	2,078
Total additions . . . . .	2,260
 <b>Deductions:</b>	
Scholarships awarded . . . . .	4,320
Change in net position . . . . .	(2,060)
<b>Net position at beginning of year . . . . .</b>	<b>47,527</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 45,467</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**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 thirteen instructional/support facilities, one administrative building and one transportation/maintenance/warehouse building compound all staffed by 276 non-certified employees, 445 certified employees and 27 administrators, to provide services to approximately 6,433 students in grades K through 12.

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

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

**A. Reporting Entity**

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

*DISCRETELY PRESENTED COMPONENT UNITS*

Newark Digital Academy (NDA)

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

Par Excellence Academy (Par Ex)

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

Information in the following notes to the basic financial statements is applicable to the primary government. Information relative to the NDA and Par Ex component units can be found in Notes 21 and 22, respectively, to these basic financial statements.

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

*JOINTLY GOVERNED ORGANIZATIONS*

Licking Area Computer Association (LACA)

LACA is the computer service organization or Data Acquisition Site (DAS) used by the District. LACA is an association of public school districts in a geographic area determined by the Ohio Department of Education. The Licking County Educational Service Center acts as the fiscal agent for the association. The purpose of the association is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All Districts in the association are required to pay fees, charges and assessments as charged. A Board made up of superintendents from all of the participating districts governs LACA. An elected Executive Board consisting of five members of the Governing Board is the managerial body of the association and meets on a monthly basis. The District does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments in the amount of \$337,813 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, 2013**

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

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

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

*PUBLIC ENTITY RISK POOL*

Workers' Compensation Group Rating Program

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

*RELATED ORGANIZATIONS*

Licking County Library (the "Library")

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

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

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

Classroom Facilities fund - This fund is used to account for monies received and expended in connection with contracts entered into by the District and the Ohio School Facilities Commission for the building and equipping of classroom facilities. The financial resources in this fund are restricted to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

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

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

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

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

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fund net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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.

**D. Basis of Accounting**

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

*Deferred Inflows of Resources and Deferred Outflows of Resources* - A deferred inflow of resources is an acquisition of net assets by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net assets by the District that is applicable to a future reporting period.

Property taxes and payments in lieu of taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, have been recorded as a deferred inflow of resources. Income taxes, grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2013, are recorded as a deferred inflow of resources on the governmental fund financial statements.

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

Deferred outflows of resources consist of unamortized deferred charges on debt refunding as reported on the statement of net position. There were no deferred outflows of resources 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.

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

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

**E. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established at the fund level for all funds. Any budgetary modifications at the legal level of budgetary control may only be made by resolution of the Board of Education.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

*Tax Budget:* Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Licking County Budget Commission for rate determination. The Licking County Budget Commissioners waived this requirement for fiscal year 2013.

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

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

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

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

**F. Cash and Investments**

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



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

During fiscal year 2013, investments were limited to nonnegotiable certificates of deposit and U.S government money market mutual funds. Investments in nonnegotiable certificates of deposit are reported at cost while investments in U.S. government money market mutual funds are reported at fair value.

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 2013 amounted to \$39,982, which includes \$13,321 assigned from other District funds.

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

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

**G. Inventory**

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

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

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**H. Capital Assets**

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

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

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

Depreciation is computed using the straight-line method over the following useful lives:

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

**I. Interfund Balances**

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

**J. Compensated Absences**

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

**L. Fund Balance**

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

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

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

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

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

**M. Estimates**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**N. Net Position**

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

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

**O. Prepayments**

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

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

**P. Interfund Activity**

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

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

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

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

**NEWARK CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

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

**R. 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.

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2013.

**T. Budget Stabilization Arrangement**

The District has established a budget stabilization reserve. Additions to the budget stabilization reserve can only be made by formal resolution of the Board of Education. Expenditures out of the budget stabilization reserve can only be made to offset future budget deficits. At June 30, 2013, the balance in the budget stabilization reserve was \$934,406. This amount is included in unassigned fund balance of the general fund and in unrestricted net position on the statement of net position.

**NOTE 3 - ACCOUNTING PRINCIPLES AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2013, the District has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", and GASB Statement No. 66, "Technical Corrections-2012".

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 3 - ACCOUNTING PRINCIPLES AND COMPLIANCE - (Continued)**

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the District's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. For the District, the implementation of GASB Statement No. 65 has changed (1) the classification of certain items, including the deferral of property taxes levied for the subsequent fiscal year, previously reported as liabilities to *deferred inflows of resources*, (2) the classification of unamortized deferred charges on debt refunding transactions from a reduction of liabilities to *deferred outflows of resources*, (3) the reporting of debt issuance costs to an expense in the period incurred rather than amortized over the term of the related debt issuance and (4) net assets of the District as previously reported to remove unamortized bond issuance costs previously reported.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 3 - ACCOUNTING PRINCIPLES AND COMPLIANCE - (Continued)**

The implementation of GASB Statement No. 65 had the following effect on net assets as previously reported:

	Governmental Activities
Net assets as previously reported	\$ 109,263,017
Removal of unamortized bond issuance costs	(413,361)
Net position at July 1, 2012	\$ 108,849,656

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2013 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Alternative schools	\$ 1,313
Miscellaneous State Grants	2,549
Title VI-B	65,168
Title I	264,933
Reducing Class Size	42,536
Miscellaneous Federal Grants	12,395
Total	\$ 388,894

**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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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.

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.



**NEWARK CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

**A. Cash on Hand**

At fiscal year end, the District had \$6,845 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, 2013, the carrying amount of all District deposits was \$29,080,055 (including \$10,043,399 in nonnegotiable certificates of deposit). Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2013, \$18,661,834 of the District’s bank balance of \$29,205,233 was exposed to custodial risk as discussed below, while \$10,543,399 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.

**C. Investments**

As of June 30, 2013, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity</u> 6 months or less
U.S. government money		
market mutual fund	\$ 438,296	\$ 438,296

The weighted average length to maturity of investments is one day.

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

*Credit Risk:* The District’s investments in U.S. government money market mutual funds were rated AAAM by Standard & Poor’s. The District’s investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

*Concentration of Credit Risk:* The District's investment policy places specific limits on the percentage of the District's portfolio that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2013:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
U.S. government money market mutual funds	\$ 438,296	100.00

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2013:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 29,080,055
Investments	438,296
Cash on hand	<u>6,845</u>
Total	<u>\$ 29,525,196</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 29,428,080
Private-purpose trust funds	45,467
Agency fund	<u>51,649</u>
Total	<u>\$ 29,525,196</u>

**NEWARK CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund balances at June 30, 2013, 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	Nonmajor governmental funds	\$ 98,083

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, 2013, consisted of the following, as reported on the fund financial statements:

<u>Transfers From:</u>	<u>Transfers To:</u>	<u>Amount</u>
General	Nonmajor governmental fund	\$ 126,673
Classroom facilities	Nonmajor governmental fund	2,095,126
	Total	<u>\$ 2,221,799</u>

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. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

The \$2,095,126 transfer from the classroom facilities fund to the building fund (a nonmajor governmental fund) resulted from excess local monies in the classroom facilities fund that may be transferred and used to finance various construction projects of the District not financed through the Ohio Facilities Construction Commission (OFCC).

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.

**NEWARK CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, 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 2013 represent the collection of calendar year 2012 taxes. Public utility real and personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Licking County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available as an advance at June 30, 2013 was \$1,125,330 in the general fund, \$193,840 in the debt service fund and \$80,450 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2012 was \$1,239,770 in the general fund, \$271,690 in the debt service fund and \$86,550 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 769,329,940	96.35	\$ 767,933,100	96.13
Public utility personal	<u>29,161,190</u>	<u>3.65</u>	<u>30,950,060</u>	<u>3.87</u>
Total	<u>\$ 798,491,130</u>	<u>100.00</u>	<u>\$ 798,883,160</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 43.96		\$ 42.67	

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2013 consisted of property taxes, income taxes, accounts (billings for user charged services and student fees), payment in lieu of taxes, intergovernmental grants and entitlements and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds.

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

**Governmental activities:**

Property taxes	\$ 27,079,614
School district income tax	3,743,592
Payment in lieu of taxes	11,102
Accounts	4,508
Accrued interest	2,603
Intergovernmental	<u>946,741</u>
Total	<u>\$ 31,788,160</u>

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

**NOTE 8 - INCOME TAXES**

The District levies a voted tax of one percent for general operation on the income of resident and of estate. The tax was effective on January 1, 1998, and was renewed for another five years in 2011. Employers of the residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund and totaled \$8,082,852 on the governmental fund financial statements during fiscal year 2013.

**NOTE 9 - OTHER COMMITMENTS**

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 872,680
Classroom facilities	1,436,920
Other governmental	<u>1,718,292</u>
Total	<u>\$ 4,027,892</u>

**NEWARK CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 10 - CAPITAL ASSETS**

The change in governmental activities capital assets for fiscal year 2013 is as follows:

	Balance <u>June 30, 2012</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2013</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,617,250	\$ -	\$ (17,566)	\$ 1,599,684
Construction-in-progress	<u>82,461,358</u>	<u>9,482,197</u>	<u>(87,393,527)</u>	<u>4,550,028</u>
Non-depreciable capital assets	<u>84,078,608</u>	<u>9,482,197</u>	<u>(87,411,093)</u>	<u>6,149,712</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	403,205	355,284	(16,332)	742,157
Building/improvements	69,918,563	87,366,640	(3,522,320)	153,762,883
Furniture/equipment	3,436,548	76,101	(21,076)	3,491,573
Vehicles	<u>3,541,451</u>	<u>632,414</u>	<u>(20,000)</u>	<u>4,153,865</u>
Depreciable capital assets	<u>77,299,767</u>	<u>88,430,439</u>	<u>(3,579,728)</u>	<u>162,150,478</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(266,519)	(30,826)	13,763	(283,582)
Building/improvements	(17,017,662)	(1,453,647)	3,466,597	(15,004,712)
Furniture/equipment	(2,601,243)	(153,000)	17,824	(2,736,419)
Vehicles	<u>(2,370,113)</u>	<u>(319,462)</u>	<u>20,000</u>	<u>(2,669,575)</u>
Total accumulated depreciation	<u>(22,255,537)</u>	<u>(1,956,935)</u>	<u>3,518,184</u>	<u>(20,694,288)</u>
Governmental activities capital assets, net	<u>\$ 139,122,838</u>	<u>\$ 95,955,701</u>	<u>\$(87,472,637)</u>	<u>\$ 147,605,902</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,069,020
Special	4,072
Vocational	65,213
<u>Support services:</u>	
Pupil	48,411
Instructional staff	75,197
Administration	37,691
Business	1,279
Operations and maintenance	138,030
Pupil transportation	256,970
Central	2,845
<u>Operation of non-instructional services:</u>	
Food service operations	115,375
Other non-instructional services	8,133
Extracurricular activities	<u>134,699</u>
Total depreciation expense	<u>\$ 1,956,935</u>

**NEWARK CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 11 - 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, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Outstanding June 30, 2013</u>	<u>Amounts Due in One Year</u>
<b>Governmental activities:</b>						
<u>General Obligation Bonds:</u>						
Library refunding bonds-series 2006						
Current interest bonds	3.50-5.00%	\$ 4,585,000	\$ -	\$ (330,000)	\$ 4,255,000	\$ 345,000
Total library bonds		<u>4,585,000</u>	<u>-</u>	<u>(330,000)</u>	<u>4,255,000</u>	<u>345,000</u>
School improvement bonds-series 2005	3%-4.375%	32,930,000	-	(1,270,000)	31,660,000	1,315,000
School improvement bonds-series 2005A	3.5-4.5%	<u>17,750,000</u>	<u>-</u>	<u>(500,000)</u>	<u>17,250,000</u>	<u>520,000</u>
Total school improvement bonds		<u>50,680,000</u>	<u>-</u>	<u>(1,770,000)</u>	<u>48,910,000</u>	<u>1,835,000</u>
School improvement refunding bonds-series 2012	4.0-5.0%	<u>8,545,000</u>	<u>-</u>	<u>-</u>	<u>8,545,000</u>	<u>-</u>
Total refunding bonds		<u>8,545,000</u>	<u>-</u>	<u>-</u>	<u>8,545,000</u>	<u>-</u>
Total general obligation bonds payable		<u>63,810,000</u>	<u>-</u>	<u>(2,100,000)</u>	<u>61,710,000</u>	<u>2,180,000</u>
<u>Other Long-Term Obligations:</u>						
Capital lease obligations		565,833	-	(236,866)	328,967	242,425
Compensated absences		<u>2,782,877</u>	<u>677,510</u>	<u>(711,708)</u>	<u>2,748,679</u>	<u>323,364</u>
Total other long-term obligations		<u>3,348,710</u>	<u>677,510</u>	<u>(948,574)</u>	<u>3,077,646</u>	<u>565,789</u>
Total long-term obligations governmental activities		<u>\$ 67,158,710</u>	<u>\$ 677,510</u>	<u>\$ (3,048,574)</u>	64,787,646	<u>\$ 2,745,789</u>
Unamortized premium on bonds					<u>2,065,727</u>	
Total on statement of net position					<u>\$ 66,853,373</u>	

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

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

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

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.

Series 2012 Refunding General Obligation Bonds: On May 8, 2012, the District issued general obligation bonds (Series 2012 Refunding Bonds) to advance refund the callable of the Series 2005 school improvement current interest bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of Net Position. The refunding bond proceeds were received in the debt service fund and disbursed to the bond escrow agent for payment of future debt service requirements on the refunded Series 2005 bonds. The balance of the refunded bonds at June 30, 2013, is \$8,740,000.

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



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

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

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.

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

- B.** Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2013, are as follows:

Fiscal Year Ended	Library Bonds			School Improvement Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 345,000	\$ 174,700	\$ 519,700	\$ 1,835,000	\$ 2,120,069	\$ 3,955,069
2015	360,000	158,800	518,800	1,905,000	2,043,919	3,948,919
2016	380,000	140,300	520,300	1,985,000	1,964,769	3,949,769
2017	400,000	120,800	520,800	2,070,000	1,883,669	3,953,669
2018	415,000	102,500	517,500	2,145,000	1,795,531	3,940,531
2019 - 2023	2,355,000	243,100	2,598,100	7,580,000	7,937,342	15,517,342
2024 - 2028	-	-	-	11,135,000	6,208,156	17,343,156
2029 - 2033	-	-	-	19,000,000	2,546,578	21,546,578
2034	-	-	-	1,255,000	31,375	1,286,375
<b>Total</b>	<b>\$ 4,255,000</b>	<b>\$ 940,200</b>	<b>\$ 5,195,200</b>	<b>\$ 48,910,000</b>	<b>\$ 26,531,408</b>	<b>\$ 75,441,408</b>

Fiscal Year Ended	Refunding Bonds		
	Principal	Interest	Total
2014	\$ -	\$ 359,700	\$ 359,700
2015	-	359,700	359,700
2016	-	359,700	359,700
2017	-	359,700	359,700
2018	-	359,700	359,700
2019 - 2023	4,560,000	1,345,250	5,905,250
2024 - 2025	3,985,000	160,900	4,145,900
<b>Total</b>	<b>\$ 8,545,000</b>	<b>\$ 3,304,650</b>	<b>\$11,849,650</b>

**NEWARK CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

**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, 2013, are a voted debt margin of \$12,605,599 (including available funds of \$2,416,115) and an unvoted debt margin of \$798,883.

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

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

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

At inception, a liability was recorded on the statement of net position for the present value of the future minimum lease payments required under the lease agreements. Principal payments in the 2013 fiscal year totaled \$236,866. This amount is reflected as debt service principal retirement in the general fund and as a reduction to the long-term liabilities reported on the statement of net position. The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2013:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2014	\$ 251,624
2015	45,636
2016	45,636
2017	<u>295</u>
	343,191
Less: amount representing interest	<u>(14,224)</u>
Present value of minimum lease payments	<u>\$ 328,967</u>

**NEWARK CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 13 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

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

**B. Insurance Benefits**

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

**C. Retirement Incentive**

During fiscal year 2012, the District offered a retirement incentive plan (the "Plan") whereby certified employees retiring under the Plan receive a \$40,000 incentive payment in addition to their regular severance payment and classified employees receive an incentive payment equal to the lesser of \$20,000 or their annual salary in addition to their regular severance payment. The employees must have notified the District of their retirement by June 30, 2012. A total of ten certified employees took advantage of the Plan during fiscal year 2012.

The District's liability under the Plan at June 30, 2012 totaled \$629,477. This liability included \$195,324 in regular severance payments which was reported as a component of "compensated absences payable" on the financial statements, \$400,000 in incentive payments and \$34,153 in Educators Preferred Corporation (EPC) and Met Life fees which were both combined and reported as "retirement incentive payable" on the financial statements. The District made a payment to EPC in fiscal year 2013 to fulfill its obligation for the Plan. EPC is responsible for administering payments to the employees. There is no remaining liability related to the Plan at June 30, 2013.

**NOTE 14 - RISK MANAGEMENT**

**A. Property and Liability**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2013, the District maintained comprehensive insurance coverage for liability, real property, building contents and vehicles. The District obtains insurance coverage through WRM America Insurance (Andrew Insurance Agency). Vehicle policies include liability coverage for bodily injury and property damage.

**NEWARK CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

Building and contents - replacement cost	\$ 144,898,609
Equipment breakdown	100,000,000
General Liability:	
Per occurrence	1,000,000
Annual aggregate	2,000,000
Commercial crime	50,000
Vehicle - combined single limit	1,000,000
Educators legal liability	1,000,000
Educators excess liability	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. The reduction in coverage from the prior year for buildings and contents is the result of the District insuring two fewer buildings than in the prior year (one was demolished and one was sold).

**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 16. As such, no funding provisions are required by the District.

All funds of the District participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). The claims liability of \$14,840 reported in the basic financial statements at June 30, 2013, 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>
2013	\$ 26,550	\$ 406,408	\$ (418,118)	\$ 14,840
2012	16,900	\$ 454,865	\$ (445,215)	26,550

**NEWARK CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**C. Workers' Compensation Rating Program**

For fiscal year 2013, the District participated in the Sheakley UniServe Workers' Compensation Group Retrospective Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. Under the GRP, the participating districts continues to pay their own individual premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating districts receive either a premium refund or an assessment. The participating districts pay an experience- or base-rated premium under the same terms as if they were not in a retrospective group. The group-retrospective premiums are recalculated twelve months after the end of the policy year and the recalculated premium is compared to the standard premium. If the retrospective premium is lower than the standard premium, the participating districts receive a refund. If the retrospective premium is higher than the standard premium, the participating districts are charged an assessment. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniServe provides administrative, cost control and actuarial services to the GRP.

**NOTE 15 - 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](http://www.ohsers.org), under "Employers/Audit Resources".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the 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 2013, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. 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 and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$1,024,252, \$1,020,743 and \$898,391, respectively; 70.98 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

**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 website at [www.strsoh.org](http://www.strsoh.org), under "Publications".

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 2013, 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.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$3,692,425, \$3,834,433 and \$3,610,550, respectively; 84.77 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$160,036 made by the District and \$114,312 made by the plan members.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - PENSION PLANS - (Continued)**

**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, 2013, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 16 - 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 Section 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 monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the 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](http://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 2013, 0.16 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 2013, the actuarially determined amount was \$20,525.

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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 16 - POSTEMPLOYMENT BENEFITS - (Continued)**

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012 and 2011 were \$125,489, \$156,578 and \$255,642, respectively; 70.98 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$57,859, \$60,280 and \$57,813, respectively; 70.98 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**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](http://www.strsoh.org), under "Publications" 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 2013, 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, 2013, 2012 and 2011 were \$284,033, \$294,956 and \$280,694, respectively; 84.77 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**NOTE 17 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

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



**NEWARK CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 18 - SET-ASIDES**

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2012	\$ -
Current year set-aside requirement	1,044,128
Current year offsets	<u>(1,044,128)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2014	<u>\$ -</u>
Set-aside balance June 30, 2013	<u>\$ -</u>

**NOTE 19 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 19 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ (103,373)
Net adjustment for revenue accruals	105,277
Net adjustment for expenditure accruals	541,850
Net adjustment for other sources/uses	(160,864)
Funds budgeted elsewhere	40,522
Adjustment for encumbrances	<u>1,110,637</u>
GAAP basis	<u>\$ 1,534,049</u>

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

**NOTE 20 - CONTRACTUAL COMMITMENTS**

As of June 30, 2013, the District has the following significant contractual commitment with the following company for remodeling at the Roosevelt building.

	<u>Contract Amount</u>	<u>Amount Paid as of June 30, 2013</u>	<u>Amount Remaining on Contract</u>
Robertson Construction	<u>\$ 4,332,515</u>	<u>\$ 2,753,082</u>	<u>\$ 1,579,433</u>

In addition to the amounts paid above, the District has recorded contracts payable and retainage payable in the amounts of \$1,440,184 and \$438,296, respectively, for costs incurred prior to fiscal year end on the 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 10).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 21 - NEWARK DIGITAL ACADEMY**

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

NDA was created on February 11, 2003 by entering into a five year contract with the Newark City School District (the "Sponsor") through fiscal year 2008. On September 10, 2012, the NDA entered into a new five year contract through fiscal year 2017. The Sponsor is responsible for evaluating the performance of the NDA and has the authority to deny renewal of the contract at its expiration. The Sponsor receives payment from the NDA for oversight, monitoring and other purchased services (as agreed to between the NDA and the Sponsor). During fiscal year 2013, the NDA paid sponsorship fees of \$91,306 to its Sponsor. The NDA is considered a component unit of the Newark City School District for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39.

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

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)**

**Measurement Focus and Basis of Accounting** - 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 position. The statement of revenues, expenses, and changes in net position presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position. The statement of cash flows reflects how NDA's finances meet its cash flow needs.

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

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

**Cash and Cash Equivalents** - Cash received by NDA is reflected as "cash and cash equivalents" on the statement of net position. NDA had no investments during the fiscal year ended June 30, 2013.

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

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

**Intergovernmental Revenue** - The NDA currently participates in the State Foundation Program, the Data Communication grant, the Education Jobs grant, the IDEA Part B grant, the Title I School Improvement grant, the Title I Disadvantaged Children grant and the Improving Teacher Quality grant. Revenue from the State Foundation Program is recognized as operating revenue in the accounting period in which all eligibility requirements have been met. Amounts awarded under State Foundation Program for the 2013 school year, excluding all other State and Federal grants, totaled \$1,839,574.

Revenues received from the remaining programs are recognized as non-operating revenues in the accompanying financial statements. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. State and Federal grants revenue for the fiscal year 2013 received was \$288,662.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)**

**Prepaid Items** - Payments made to vendors for services that will benefit periods beyond June 30, 2013 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense is reported in the year which services are consumed.

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

**Net Position** - Net position represents the difference between assets and liabilities. The net position component "investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets (the NDA had no capital related borrowings at June 30, 2013). Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the NDA or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

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

**CHANGES IN ACCOUNTING POLICIES**

For fiscal year 2013, the NDA has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", and GASB Statement No. 66, "Technical Corrections-2012".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the NDA.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)**

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the NDA.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the NDA.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the NDA's financial statements to incorporate the concepts of net position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The implementation of GASB Statement No. 65 did not have an effect on the financial statements of the NDA.

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the NDA.

**DEPOSITS**

At June 30, 2013, the carrying amount of NDA deposits was \$2,119,397. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2013, \$1,875,576 of the NDA's bank balance of \$2,125,576 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, 2013

**NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)**

**CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	<u>Balance</u> <u>06/30/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/13</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 6,630	\$ -	\$ -	\$ 6,630
Construction in progress	<u>47,534</u>	<u>163,611</u>	<u>(150,120)</u>	<u>61,025</u>
Total capital assets, not being depreciated	<u>54,164</u>	<u>163,611</u>	<u>(150,120)</u>	<u>67,655</u>
<i>Capital assets, being depreciated:</i>				
Building	207,713	150,120	-	357,833
Furniture and equipment	<u>52,315</u>	<u>1,151</u>	<u>(6,996)</u>	<u>46,470</u>
Total capital assets, being depreciated	<u>260,028</u>	<u>151,271</u>	<u>(6,996)</u>	<u>404,303</u>
<i>Less: accumulated depreciation</i>				
Building	(6,832)	(6,757)	-	(13,589)
Furniture and equipment	<u>(26,981)</u>	<u>(5,766)</u>	<u>6,523</u>	<u>(26,224)</u>
Total accumulated depreciation	<u>(33,813)</u>	<u>(12,523)</u>	<u>6,523</u>	<u>(39,813)</u>
Capital assets, net	<u>\$ 280,379</u>	<u>\$ 302,359</u>	<u>\$ (150,593)</u>	<u>\$ 432,145</u>

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

**SERVICE AGREEMENTS**

**TRECA** - For fiscal year 2013 NDA utilized TRECA for the services of the part-time technician. During fiscal year 2013, NDA paid TRECA \$18,500 under this contract.

**ACE Digital Academy** - During fiscal year 2013, NDA entered into a three-year contract through fiscal year 2015 with Ace Digital Academy (ADA) for the provision of on-line curriculum.

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

Under the contract, the following terms were agreed upon:

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 21 - NEWARK DIGITAL ACADEMY - (Continued)**

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

For fiscal year 2013, \$349,031 was paid by NDA under this contract.

**RISK MANAGEMENT**

The NDA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Coverage was provided by various insurance carriers. During fiscal year ending June 30, 2013, the NDA contracted through Philadelphia Insurance for the following coverage amounts:

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

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

Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant changes in coverage at June 30, 2013.

**CONTINGENCIES**

**Grants** - The NDA received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the NDA at June 30, 2013, if applicable, cannot be determined at this time.

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

**State Foundation Funding** - The Ohio Department of Education conducts reviews of enrollment data 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 fiscal year 2013 review has not been completed as of the date of this report; however, the NDA does not anticipate a material impact on the financial statements as a result of the review.

**RECEIVABLES**

Receivables at June 30, 2013 consisted of intergovernmental grants in the amount of \$186,153. These intergovernmental receivables are expected to be collected in the subsequent year.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 22 - PAR EXCELLENCE ACADEMY**

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

The Academy was approved for operation under a contract with the Newark City School District (the "Sponsor") for the period July 1, 2011 through June 30, 2014. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. During fiscal year 2013, the Academy paid \$26,928 in sponsorship fees to the Newark City School District. The Academy is considered a component unit of the Newark City School District for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39.

The Academy operates under the direction of a self-appointed nine-member Board of Trustees. The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards and qualifications of teachers. The Board controls the Academy's one instructional/support facility staffed by 7 non-certified staff members and 12 certified full time teaching personnel who provide services to 135 students.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)**

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

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

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

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

**Intergovernmental Revenue** - The Academy currently participates in the State Foundation Program, the K12 Connectivity grant, the IDEA B grant, the Title I grant, the Title IIA grant, and the Farm to School 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 2013 school year excluding federal and State grants totaled \$897,609.

Revenues received from the remaining programs are recognized as non-operating revenues in the accompanying financial statements. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility includes timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Academy must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. State and federal grants revenue for the fiscal year 2013 received was \$119,371.

In addition, the Academy received \$4,000 in local contributions and donations during fiscal year 2013.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)**

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

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

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

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

**CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2013, the Academy has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", and GASB Statement No. 66, "Technical Corrections-2012".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the Academy.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)**

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the Academy.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the Academy.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the Academy's financial statements to incorporate the concepts of net position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The implementation of GASB Statement No. 65 did not have an effect on the financial statements of the Academy.

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the Academy.

**DEPOSITS**

At June 30, 2013, the carrying amount of all Academy deposits was \$540,307. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2013, \$258,786 of the Academy's bank balance of \$561,287 was exposed to custodial risk as discussed below, while \$302,501 was covered by the Federal Deposit Insurance Corporation (FDIC).

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)**

**RECEIVABLES**

Receivables at June 30, 2013 consisted of 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 position follows:

Accounts	\$ 5,083
Intergovernmental	<u>34,714</u>
Total	<u>\$ 39,797</u>

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

**CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance <u>June 30, 2012</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2013</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Non-depreciable capital assets	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
<i>Capital assets, being depreciated:</i>				
Buildings	142,000	-	-	142,000
Equipment	<u>135,675</u>	<u>1,099</u>	<u>(34,234)</u>	<u>102,540</u>
Depreciable capital assets	<u>277,675</u>	<u>1,099</u>	<u>(34,234)</u>	<u>244,540</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(3,944)	(4,733)	-	(8,677)
Equipment	<u>(110,718)</u>	<u>(7,881)</u>	<u>24,764</u>	<u>(93,835)</u>
Total accumulated depreciation	<u>(114,662)</u>	<u>(12,614)</u>	<u>24,764</u>	<u>(102,512)</u>
Governmental activities capital assets, net	<u>\$ 173,013</u>	<u>\$ (11,515)</u>	<u>\$ (9,470)</u>	<u>\$ 152,028</u>

During fiscal year 2013, the Academy changed its capitalization threshold from \$50 to \$1,000. The capital assets and related accumulated depreciation removed as a result of the change in the capitalization threshold is reported as a disposal in the schedule above.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)**

**LONG-TERM OBLIGATIONS**

The Academy's long-term obligations during fiscal year 2013 were as follows:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due Within</u> <u>One Year</u>
Loan payable	\$ 50,904	\$ -	\$ (29,489)	\$ 21,415	\$ 21,415
Compensated absences	<u>1,627</u>	<u>4,234</u>	<u>(1,627)</u>	<u>4,234</u>	<u>4,234</u>
Total long-term liabilities	<u>\$ 52,531</u>	<u>\$ 4,234</u>	<u>\$ (31,116)</u>	<u>\$ 25,649</u>	<u>\$ 25,649</u>

Loan payable - On September 2, 2011, the Academy obtained a loan from Park National Bank for the purchase of the Maholm Elementary building (96 Maholm Street, Newark, Ohio) that it had previously leased. The loan bears an interest rate of 5.75% and was originally scheduled to mature on September 2, 2016. The following is a schedule of the future debt service requirements under the loan at June 30, 2013:

<u>Fiscal</u> <u>Year Ended</u>	<u>Principal</u>	<u>Loan Payable</u> <u>Interest</u>	<u>Total</u>
2014	\$ 21,415	\$ 481	\$ 21,896
Total	<u>\$ 21,415</u>	<u>\$ 481</u>	<u>\$ 21,896</u>

Compensated absences – represents the balance of earned but unused vacation time at fiscal year-end.

**COMPENSATED ABSENCES**

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

**RISK MANAGEMENT**

**Property and Liability** - The Academy is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Academy maintains insurance coverage for its building, theft, general liability, contents liability, employee dishonesty, forgery, and computer equipment. The Academy owns the building and land on which it is located at 96 Maholm Street, Newark, Ohio 43055.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)**

**CONTINGENCIES**

**Grants** - The Academy received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Academy at June 30, 2013, if applicable, cannot be determined at this time.

**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 fiscal year 2013 review has not been completed as of the date of this report; however, the NDA does not anticipate a material impact on the financial statements as a result of the review.

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

**SERVICE AGREEMENT**

The Academy entered into a one-year contract on July 20, 2012 with Licking Area Computer Association (LACA) for certain computer, data processing and application services for the fiscal year ended June 30, 2013. Under this contract, the following terms were agreed upon:

1. LACA shall provide fiscal administration services, including access to financial software through OECN, electronic filing of data, user training, software upgrades, disaster recovery, EMIS compliance procedures and providing staff and resources to support the business process.
2. LACA shall provide student administration systems, including access to the Student Information System (SIS), data archival and retrieval support, help desk support, and preprinted forms need for grade cards, schedule cards, grade scans and transcripts.
3. LACA shall provide EMIS system and services, including access to State EMIS software, interface to SIS and OECN financial software, creation and use of custom user defined reports, and district report card assistance.
4. LACA shall provide library services, including access to INFOhio Library Automation software, INFOhio electronic resource support, and INFOhio compliance procedures.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 22 - PAR EXCELLENCE ACADEMY - (Continued)**

5. LACA shall provide video distance learning services, including coordinating, developing and delivering local professional development activities, daily management and troubleshooting of video network, technical training, and troubleshooting and coordination of specific video related hardware.
6. The fees for the services provided are based on a base fee plus a fee per student which vary per type of service. The total fee is \$24.33 per student.

For fiscal year 2013, \$3,285.96 was paid to LACA for services related to the service agreement. To obtain LACA's audited June 30, 2013 financial statements; please contact Mr. Jon Bowers, Executive Director, 195 Union St. Suite C-2, Newark, Ohio 43055.



COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES  
  
SUPPLEMENTAL INFORMATION

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

**MAJOR FUNDS**

**General Fund**

The general fund is used to account for resources traditionally associated with a school district which are not required legally or by sound financial management to be accounted for in another fund. These activities include, but are not limited to, general instruction, pupil services, operation and maintenance of facilities, student transportation, and administration

Since the legal level of budgetary control is not greater than that presented in the basic financial statements, no additional financial statements are presented for the general fund.

**OTHER MAJOR FUNDS**

**Debt Service**

A fund used to account for and report financial resources that are restricted, committed, or assigned to expenditure for payment of general obligation bond principal and interest and certain long-term obligations from governmental resources when the government is obligated in some manner for payment. It is also used to account for the accumulation of resources and payment of general obligation bonds and library bonds payable, as required by Ohio Law.

**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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget- Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Debt Service</b>				
Total Revenues and Other Sources . . . . .	\$ 4,904,458	\$ 3,867,830	\$ 4,281,569	\$ 413,739
Total Expenditures and Other Uses . . . . .	<u>4,925,070</u>	<u>4,925,070</u>	<u>4,923,634</u>	<u>1,436</u>
Net Change in Fund Balance . . . . .	(20,612)	(1,057,240)	(642,065)	415,175
Fund balance at beginning of year . . . . .	<u>2,864,340</u>	<u>2,864,340</u>	<u>2,864,340</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 2,843,728</u>	<u>\$ 1,807,100</u>	<u>\$ 2,222,275</u>	<u>\$ 415,175</u>
<b>Classroom Facilities</b>				
Total Revenues and Other Sources . . . . .	\$ 4,160,378	\$ 2,060,000	\$ 2,104,556	\$ 44,556
Total Expenditures and Other Uses . . . . .	<u>10,769,112</u>	<u>9,173,986</u>	<u>11,042,952</u>	<u>(1,868,966)</u>
Net Change in Fund Balance . . . . .	(6,608,734)	(7,113,986)	(8,938,396)	(1,824,410)
Fund balance at beginning of year . . . . .	3,401,362	3,401,362	3,401,362	-
Prior Year Encumbrances Appropriated . . . . .	<u>7,363,595</u>	<u>7,363,595</u>	<u>7,363,595</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 4,156,223</u>	<u>\$ 3,650,971</u>	<u>\$ 1,826,561</u>	<u>\$ (1,824,410)</u>

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

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 3,897,861	\$ 3,447,522	\$ 7,345,383
Receivables:			
Property taxes . . . . .	-	1,625,625	1,625,625
Payment in lieu of taxes. . . . .	-	755	755
Intergovernmental . . . . .	676,477	-	676,477
Prepayments. . . . .	1,465	-	1,465
Materials and supplies inventory . . . . .	38,852	-	38,852
Total assets. . . . .	<u>\$ 4,614,655</u>	<u>\$ 5,073,902</u>	<u>\$ 9,688,557</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	\$ 5,690	\$ 40,339	\$ 46,029
Contracts payable. . . . .	-	898,182	898,182
Retainage payable . . . . .	-	438,296	438,296
Accrued wages and benefits . . . . .	617,119	-	617,119
Pension obligation payable. . . . .	165,402	-	165,402
Intergovernmental payable . . . . .	34,368	-	34,368
Interfund loan payable . . . . .	98,083	-	98,083
Total liabilities . . . . .	<u>920,662</u>	<u>1,376,817</u>	<u>2,297,479</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year . . . . .	-	1,411,063	1,411,063
Payment in lieu of taxes levied for next fiscal year. . . . .	-	755	755
Delinquent property tax revenue not available . . . . .	-	134,112	134,112
Intergovernmental revenue not available. . . . .	482,044	-	482,044
Total deferred inflows of resources. . . . .	<u>482,044</u>	<u>1,545,930</u>	<u>2,027,974</u>
<b>Fund balances:</b>			
Nonspendable:			
Materials and supplies inventory. . . . .	38,852	-	38,852
Prepays. . . . .	1,465	-	1,465
Restricted:			
Capital improvements . . . . .	-	2,151,155	2,151,155
Classroom facilities maintenance . . . . .	2,414,060	-	2,414,060
Food service operations . . . . .	884,692	-	884,692
Non-public schools . . . . .	3,178	-	3,178
Special education . . . . .	628	-	628
Other purposes. . . . .	17,573	-	17,573
Extracurricular . . . . .	241,808	-	241,808
Unassigned (deficit) . . . . .	<u>(390,307)</u>	<u>-</u>	<u>(390,307)</u>
Total fund balances . . . . .	<u>3,211,949</u>	<u>2,151,155</u>	<u>5,363,104</u>
Total liabilities, deferred inflows and fund balances .	<u>\$ 4,614,655</u>	<u>\$ 5,073,902</u>	<u>\$ 9,688,557</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, 2013

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>			
From local sources:			
Property taxes . . . . .	\$ 412,881	\$ 943,826	\$ 1,356,707
Payment in lieu of taxes . . . . .	-	438	438
Earnings on investments . . . . .	1,164	3,623	4,787
Charges for services . . . . .	522,869	-	522,869
Extracurricular . . . . .	167,462	-	167,462
Contributions and donations . . . . .	65,061	-	65,061
Other local revenues . . . . .	8,871	405,000	413,871
Intergovernmental - state . . . . .	1,011,029	266,280	1,277,309
Intergovernmental - federal . . . . .	6,689,100	-	6,689,100
Total revenues . . . . .	<u>8,878,437</u>	<u>1,619,167</u>	<u>10,497,604</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	423,077	384,379	807,456
Special . . . . .	1,919,943	-	1,919,943
Vocational . . . . .	17,546	-	17,546
Support services:			
Pupil . . . . .	202,620	-	202,620
Instructional staff . . . . .	2,255,694	-	2,255,694
Administration . . . . .	133,729	167,538	301,267
Fiscal . . . . .	88,668	23,333	112,001
Business . . . . .	-	11,186	11,186
Operations and maintenance . . . . .	44,065	249,255	293,320
Pupil transportation . . . . .	97,784	275,541	373,325
Central . . . . .	49,795	-	49,795
Operation of non-instructional services:			
Food service operation . . . . .	2,211,304	-	2,211,304
Other non-instructional services . . . . .	724,437	-	724,437
Extracurricular activities . . . . .	161,456	-	161,456
Facilities acquisition and construction . . . . .	-	4,892,181	4,892,181
Total expenditures . . . . .	<u>8,330,118</u>	<u>6,003,413</u>	<u>14,333,531</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>548,319</u>	<u>(4,384,246)</u>	<u>(3,835,927)</u>
<b>Other financing sources:</b>			
Sale of capital assets . . . . .	-	90,000	90,000
Transfers in . . . . .	126,673	2,095,126	2,221,799
Total other financing sources . . . . .	<u>126,673</u>	<u>2,185,126</u>	<u>2,311,799</u>
Net change in fund balances . . . . .	674,992	(2,199,120)	(1,524,128)
<b>Fund balances at beginning of year . . . . .</b>	<b>2,534,338</b>	<b>4,350,275</b>	<b>6,884,613</b>
<b>Increase in reserve for inventory . . . . .</b>	<b>2,619</b>	<b>-</b>	<b>2,619</b>
<b>Fund balances at end of year . . . . .</b>	<b><u>\$ 3,211,949</u></b>	<b><u>\$ 2,151,155</u></b>	<b><u>\$ 5,363,104</u></b>

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

**FUND DESCRIPTIONS**

**Nonmajor Special Revenue Funds**

The special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The title of each special revenue fund is descriptive of the activities accounted for therein. The nonmajor special revenue funds are:

**Miscellaneous Grants**

To account for a number of small local grants that are restricted for specific expenditures.

**District Managed Student Activity**

To account for those student activity programs which have student participation in the activity, but do not have student management of the programs. This fund includes athletic programs as well as band, cheerleaders, drama clubs, and other similar types of activities.

**Auxiliary Services**

To account for State funds which provide services and materials to students attending non-public schools within the boundaries of the District as provided by State law.

**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 the District for 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.

**Alternative Schools**

To account for alternative educational programs for existing and new at-risk and delinquent youth. Programs shall be focused on youth in one or more of the following categories: those who have been expelled or suspended, those who have dropped out of school or who are at risk of dropping out of school, those who are habitually truant or disruptive, or those on probation or on parole from a Department of Youth Services' facility.

**Miscellaneous State Grants**

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

**Title VI-B**

To account for Federal funds for the provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels; assist in the training of teachers, supervisors and other specialists in providing educational services to the handicapped.

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

**FUND DESCRIPTIONS**

**Nonmajor Special Revenue Funds (Continued)**

**Stimulus Title II D**

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

**Title I**

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

**EHA Preschool Grant**

To account for Federal funds used for the improvement and expansion of services for handicapped children ages three through five years.

**Reducing Class Size**

To account for a Federal grant aimed at reducing class sizes through out the District.

**Miscellaneous Federal Grants**

To account for Federal revenues received through State agencies from the Federal government or directly from the Federal government which are not classified elsewhere.

**Food Service**

To account for all revenues and expenditures related to the provision of food services, including breakfast and lunch, for the District students and staff.

**Education Jobs**

This fund accounts for federal monies whose purpose is to create education jobs for the 2010-2011 school year. Jobs funded under this program include those that provide educational and related services for early childhood, elementary, and secondary education.

**Classroom Facilities Maintenance**

To account for revenues earmarked for the maintenance of facilities.

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

**FUND DESCRIPTIONS**

**Nonmajor Special Revenue Funds (Continued)**

The following funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis). These funds are not included in the combining statements for the nonmajor special revenue funds since they are reported in the general fund (GAAP basis); however, the budgetary schedules for these funds are presented in this section.

**School Activity Trusts**

To account for trust agreements in which the principal and income are used to support District programs

**Staff Trusts**

To account for revenues and expenditures related to vending and donations from employees to support District programs

**Rotary Fund - Special Services**

To account for operations made in connection with goods and services provided by the District

**Rotary Fund**

To account for operations that provide goods or services to other governmental units on a cost-reimbursement basis

**Public School Support**

To account for specific local revenue sources (other than taxes) generated by individual school buildings (e.g. sales of pictures, profits from vending machines, etc.). Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs.



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

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2013

	<u>Miscellaneous Grants</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>	<u>Alternative Schools</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 18,071	\$ 246,701	\$ 28,424	\$ -
Receivables:				
Intergovernmental . . . . .	-	35	621	1,491
Prepayments. . . . .	-	-	-	-
Materials and supplies inventory . . . . .	-	-	-	-
Total assets. . . . .	<u>\$ 18,071</u>	<u>\$ 246,736</u>	<u>\$ 29,045</u>	<u>\$ 1,491</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ -	\$ 147	\$ -	\$ -
Accrued wages and benefits . . . . .	-	3,426	21,327	-
Pension obligation payable. . . . .	-	1,309	3,283	1,192
Intergovernmental payable . . . . .	-	46	1,257	224
Interfund loan payable . . . . .	500	-	-	1,388
Total liabilities. . . . .	<u>500</u>	<u>4,928</u>	<u>25,867</u>	<u>2,804</u>
<b>Deferred inflows of resources:</b>				
Intergovernmental revenue not available. . . . .	-	-	-	-
Total deferred inflows of resources. . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory. . . . .	-	-	-	-
Prepays. . . . .	-	-	-	-
Restricted:				
Classroom facilities maintenance . . . . .	-	-	-	-
Food service operations . . . . .	-	-	-	-
Non-public schools . . . . .	-	-	3,178	-
Special education . . . . .	-	-	-	-
Other purposes. . . . .	17,571	-	-	-
Extracurricular . . . . .	-	241,808	-	-
Unassigned (deficit) . . . . .	-	-	-	(1,313)
Total fund balances (deficit) . . . . .	<u>17,571</u>	<u>241,808</u>	<u>3,178</u>	<u>(1,313)</u>
Total liabilities, deferred inflows and fund balances .	<u>\$ 18,071</u>	<u>\$ 246,736</u>	<u>\$ 29,045</u>	<u>\$ 1,491</u>

<u>Miscellaneous State Grants</u>	<u>Title VI-B</u>	<u>Stimulus Title II D</u>	<u>Title I</u>	<u>EHA Preschool Grant</u>	<u>Reducing Class Size</u>
\$ 1,529	\$ 80,356	\$ 2	\$ 2,917	\$ 2,810	\$ 21,335
2,019	57,949	-	463,986	3,257	109,709
-	-	-	-	-	1,413
-	-	-	-	-	-
<u>\$ 3,548</u>	<u>\$ 138,305</u>	<u>\$ 2</u>	<u>\$ 466,903</u>	<u>\$ 6,067</u>	<u>\$ 132,457</u>
\$ -	\$ -	\$ -	\$ 241	\$ -	\$ 3,414
2,873	147,928	-	229,339	3,048	86,817
1,127	47,814	-	27,885	1,151	5,590
178	7,731	-	13,979	181	2,728
-	-	-	71,063	-	-
<u>4,178</u>	<u>203,473</u>	<u>-</u>	<u>342,507</u>	<u>4,380</u>	<u>98,549</u>
1,919	-	-	389,329	1,059	76,444
<u>1,919</u>	<u>-</u>	<u>-</u>	<u>389,329</u>	<u>1,059</u>	<u>76,444</u>
-	-	-	-	-	-
-	-	-	-	-	1,413
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	628	-
-	-	2	-	-	-
-	-	-	-	-	-
<u>(2,549)</u>	<u>(65,168)</u>	<u>-</u>	<u>(264,933)</u>	<u>-</u>	<u>(43,949)</u>
<u>(2,549)</u>	<u>(65,168)</u>	<u>2</u>	<u>(264,933)</u>	<u>628</u>	<u>(42,536)</u>
<u>\$ 3,548</u>	<u>\$ 138,305</u>	<u>\$ 2</u>	<u>\$ 466,903</u>	<u>\$ 6,067</u>	<u>\$ 132,457</u>

- Continued

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2013

	<u>Miscellaneous Federal Grants</u>	<u>Food Service</u>	<u>Classroom Facilities Maintenance</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 5,867	\$ 1,075,789	\$ 2,414,060	3,897,861
Receivables:				
Intergovernmental . . . . .	33,462	3,948	-	676,477
Prepayments. . . . .	-	52	-	1,465
Materials and supplies inventory . . . . .	-	38,852	-	38,852
Total assets. . . . .	<u>\$ 39,329</u>	<u>\$ 1,118,641</u>	<u>\$ 2,414,060</u>	<u>\$ 4,614,655</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ -	\$ 1,888	\$ -	\$ 5,690
Accrued wages and benefits . . . . .	10,266	112,095	-	617,119
Pension obligation payable. . . . .	1,556	74,495	-	165,402
Intergovernmental payable . . . . .	1,477	6,567	-	34,368
Interfund loan payable . . . . .	25,132	-	-	98,083
Total liabilities. . . . .	<u>38,431</u>	<u>195,045</u>	<u>-</u>	<u>920,662</u>
<b>Deferred inflows of resources:</b>				
Intergovernmental revenue not available. . . . .	13,293	-	-	482,044
Total deferred inflows of resources. . . . .	<u>13,293</u>	<u>-</u>	<u>-</u>	<u>482,044</u>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory. . . . .	-	38,852	-	38,852
Prepays. . . . .	-	52	-	1,465
Restricted:				
Classroom facilities maintenance . . . . .	-	-	2,414,060	2,414,060
Food service operations . . . . .	-	884,692	-	884,692
Non-public schools . . . . .	-	-	-	3,178
Special education . . . . .	-	-	-	628
Other purposes. . . . .	-	-	-	17,573
Extracurricular . . . . .	-	-	-	241,808
Unassigned (deficit) . . . . .	<u>(12,395)</u>	<u>-</u>	<u>-</u>	<u>(390,307)</u>
Total fund balances (deficit) . . . . .	<u>(12,395)</u>	<u>923,596</u>	<u>2,414,060</u>	<u>3,211,949</u>
Total liabilities, deferred inflows and fund balances .	<u>\$ 39,329</u>	<u>\$ 1,118,641</u>	<u>\$ 2,414,060</u>	<u>\$ 4,614,655</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, 2013

	<u>Miscellaneous Grants</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>	<u>Management Information Systems</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ -	\$ -	\$ -	\$ -
Earnings on investments . . . . .	-	-	199	-
Charges for services . . . . .	-	-	-	-
Extracurricular . . . . .	-	167,462	-	-
Contributions and donations . . . . .	42,589	22,472	-	-
Other local revenues . . . . .	-	8,871	-	-
Intergovernmental - state . . . . .	-	-	559,993	-
Intergovernmental - federal . . . . .	-	-	-	-
Total revenues . . . . .	<u>42,589</u>	<u>198,805</u>	<u>560,192</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	12,984	-	-	-
Special . . . . .	25,000	18,412	-	-
Vocational . . . . .	17,546	-	-	-
Support services:				
Pupil . . . . .	-	-	-	-
Instructional staff . . . . .	280	-	-	-
Administration . . . . .	869	-	-	6,548
Fiscal . . . . .	-	-	-	80,912
Operations and maintenance . . . . .	-	-	-	-
Pupil transportation . . . . .	-	-	-	-
Central . . . . .	-	-	-	29,995
Operation of non-instructional services:				
Food service operation . . . . .	-	-	-	-
Other non-instructional services . . . . .	41,144	5,796	638,847	-
Extracurricular activities . . . . .	-	161,454	-	-
Total expenditures . . . . .	<u>97,823</u>	<u>185,662</u>	<u>638,847</u>	<u>117,455</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(55,234)</u>	<u>13,143</u>	<u>(78,655)</u>	<u>(117,455)</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	-	-	-	118,076
Total other financing sources . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,076</u>
Net change in fund balances . . . . .	(55,234)	13,143	(78,655)	621
<b>Fund balances (deficits)</b>				
at beginning of year . . . . .	72,805	228,665	81,833	(621)
Increase in reserve for inventory . . . . .	-	-	-	-
<b>Fund balances (deficits) at end of year . . . .</b>	<u>\$ 17,571</u>	<u>\$ 241,808</u>	<u>\$ 3,178</u>	<u>\$ -</u>

<u>Public School Preschool</u>	<u>Entry Year Programs</u>	<u>Data Communications</u>	<u>Alternative Schools</u>	<u>Miscellaneous State Grants</u>	<u>Title VI-B</u>	<u>Stimulus Title II D</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
120,000	8,750	19,800	49,807	141,245	-	-
-	-	-	-	-	1,374,148	1,627
<u>120,000</u>	<u>8,750</u>	<u>19,800</u>	<u>49,807</u>	<u>141,245</u>	<u>1,374,148</u>	<u>1,627</u>
-	-	-	-	-	-	863
67,339	-	-	-	-	52,514	-
-	-	-	-	-	-	-
-	-	-	51,120	-	1,299	-
38,452	8,750	-	-	23,568	1,103,316	762
-	-	-	-	-	121,952	-
7,756	-	-	-	-	-	-
6,453	-	-	-	-	-	-
-	-	-	-	96,806	-	-
-	-	19,800	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	16,301	-
-	-	-	-	2	-	-
<u>120,000</u>	<u>8,750</u>	<u>19,800</u>	<u>51,120</u>	<u>120,376</u>	<u>1,295,382</u>	<u>1,625</u>
-	-	-	(1,313)	20,869	78,766	2
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(1,313)	20,869	78,766	2
-	-	-	-	(23,418)	(143,934)	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,313)</u>	<u>\$ (2,549)</u>	<u>\$ (65,168)</u>	<u>\$ 2</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, 2013

	<u>Title I</u>	<u>EHA Preschool Grant</u>	<u>Reducing Class Size</u>	<u>Miscellaneous Federal Grants</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ -	\$ -	\$ -	\$ -
Earnings on investments . . . . .	-	-	-	-
Charges for services . . . . .	-	-	-	-
Extracurricular . . . . .	-	-	-	-
Contributions and donations . . . . .	-	-	-	-
Other local revenues . . . . .	-	-	-	-
Intergovernmental - state . . . . .	-	-	-	-
Intergovernmental - federal . . . . .	2,379,517	38,962	500,670	469,590
Total revenues . . . . .	<u>2,379,517</u>	<u>38,962</u>	<u>500,670</u>	<u>469,590</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	-	-	119,291	289,939
Special . . . . .	1,756,464	214	-	-
Vocational . . . . .	-	-	-	-
Support services:				
Pupil . . . . .	-	-	-	150,201
Instructional staff . . . . .	682,805	36,221	356,952	4,588
Administration . . . . .	1,979	-	2,381	-
Fiscal . . . . .	-	-	-	-
Operations and maintenance . . . . .	-	-	-	13,500
Pupil transportation . . . . .	978	-	-	-
Central . . . . .	-	-	-	-
Operation of non-instructional services:				
Food service operation . . . . .	-	-	-	-
Other non-instructional services . . . . .	22,349	-	-	-
Extracurricular activities . . . . .	-	-	-	-
Total expenditures . . . . .	<u>2,464,575</u>	<u>36,435</u>	<u>478,624</u>	<u>458,228</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(85,058)</u>	<u>2,527</u>	<u>22,046</u>	<u>11,362</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	-	-	-	-
Total other financing sources . . . . .	-	-	-	-
Net change in fund balances . . . . .	(85,058)	2,527	22,046	11,362
<b>Fund balances (deficits) at beginning of year . . . . .</b>	(179,875)	(1,899)	(64,582)	(23,757)
<b>Increase in reserve for inventory . . . . .</b>	-	-	-	-
<b>Fund balances (deficits) at end of year . . . .</b>	<u>\$ (264,933)</u>	<u>\$ 628</u>	<u>\$ (42,536)</u>	<u>\$ (12,395)</u>



<u>Food Service</u>	<u>Education Jobs</u>	<u>Classroom Facilities Maintenance</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ 412,881	\$ 412,881
965	-	-	1,164
522,869	-	-	522,869
-	-	-	167,462
-	-	-	65,061
-	-	-	8,871
41,503	-	69,931	1,011,029
1,924,586	-	-	6,689,100
<u>2,489,923</u>	<u>-</u>	<u>482,812</u>	<u>8,878,437</u>
-	-	-	423,077
-	-	-	1,919,943
-	-	-	17,546
-	-	-	202,620
-	-	-	2,255,694
-	-	-	133,729
-	-	-	88,668
24,112	-	-	44,065
-	-	-	97,784
-	-	-	49,795
2,211,304	-	-	2,211,304
-	-	-	724,437
-	-	-	161,456
<u>2,235,416</u>	<u>-</u>	<u>-</u>	<u>8,330,118</u>
<u>254,507</u>	<u>-</u>	<u>482,812</u>	<u>548,319</u>
<u>-</u>	<u>8,597</u>	<u>-</u>	<u>126,673</u>
<u>-</u>	<u>8,597</u>	<u>-</u>	<u>126,673</u>
254,507	8,597	482,812	674,992
666,470	(8,597)	1,931,248	2,534,338
2,619	-	-	2,619
<u>\$ 923,596</u>	<u>\$ -</u>	<u>\$ 2,414,060</u>	<u>\$ 3,211,949</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Miscellaneous Grants</b>				
Total Revenues and Other Sources . . . . .	\$ 15,423	\$ 33,572	\$ 43,090	\$ 9,518
Total Expenditures and Other Uses . . . . .	<u>77,651</u>	<u>111,377</u>	<u>104,508</u>	<u>6,869</u>
Net Change in Fund Balance . . . . .	(62,228)	(77,805)	(61,418)	16,387
Fund balance at beginning of year . . . . .	74,889	74,889	74,889	-
Prior year encumbrances appropriated. . . . .	<u>2,916</u>	<u>2,916</u>	<u>2,916</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 15,577</u>	<u>\$ -</u>	<u>\$ 16,387</u>	<u>\$ 16,387</u>
<b>District Managed Student Activity</b>				
Total Revenues and Other Sources . . . . .	\$ 195,557	\$ 195,557	\$ 198,805	\$ 3,248
Total Expenditures and Other Uses . . . . .	<u>245,571</u>	<u>257,239</u>	<u>196,341</u>	<u>60,898</u>
Net Change in Fund Balance . . . . .	(50,014)	(61,682)	2,464	64,146
Fund balance at beginning of year . . . . .	223,344	223,344	223,344	-
Prior year encumbrances appropriated. . . . .	<u>10,508</u>	<u>10,508</u>	<u>10,508</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 183,838</u>	<u>\$ 172,170</u>	<u>\$ 236,316</u>	<u>\$ 64,146</u>
<b>Auxiliary Services</b>				
Total Revenues and Other Sources . . . . .	\$ 575,000	\$ 560,193	\$ 642,906	\$ 82,713
Total Expenditures and Other Uses . . . . .	<u>684,119</u>	<u>669,312</u>	<u>724,422</u>	<u>(55,110)</u>
Net Change in Fund Balance . . . . .	(109,119)	(109,119)	(81,516)	27,603
Fund balance at beginning of year . . . . .	108,675	108,675	108,675	-
Prior year encumbrances appropriated. . . . .	<u>444</u>	<u>444</u>	<u>444</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,603</u>	<u>\$ 27,603</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Management Information Systems</b>				
Total Revenues and Other Sources . . . . .	\$ 112,862	\$ 118,076	\$ 118,076	\$ -
Total Expenditures and Other Uses . . . . .	<u>112,862</u>	<u>118,076</u>	<u>118,076</u>	<u>-</u>
Net Change in Fund Balance . . . . .	-	-	-	-
Fund balance at beginning of year . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Public School Preschool</b>				
Total Revenues and Other Sources . . . . .	\$ 120,000	\$ 120,000	\$ 120,000	\$ -
Total Expenditures and Other Uses . . . . .	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>	<u>-</u>
Net Change in Fund Balance . . . . .	-	-	-	-
Fund balance at beginning of year . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit)at end of year . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Entry Year Programs</b>				
Total Revenues and Other Sources . . . . .	\$ -	\$ 8,750	\$ 8,750	\$ -
Total Expenditures and Other Uses . . . . .	<u>-</u>	<u>8,750</u>	<u>8,750</u>	<u>-</u>
Net Change in Fund Balance . . . . .	-	-	-	-
Fund balance at beginning of year . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Data Communication</b>				
Total Revenues and Other Sources . . . . .	\$ 19,800	\$ 19,800	\$ 19,800	\$ -
Total Expenditures and Other Uses . . . . .	<u>19,800</u>	<u>19,800</u>	<u>19,800</u>	<u>-</u>
Net Change in Fund Balance . . . . .	-	-	-	-
Fund balance at beginning of year . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year . . . . .	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>Alternative Schools</b>				
Total Revenues and Other Sources . . . . .	\$ 48,419	\$ 49,807	\$ 49,807	\$ -
Total Expenditures and Other Uses . . . . .	<u>48,419</u>	<u>49,807</u>	<u>49,807</u>	<u>-</u>
Net Change in Fund Balance . . . . .	-	-	-	-
Fund balance at beginning of year . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year . . . . .	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>Miscellaneous State Grants</b>				
Total Revenues and Other Sources . . . . .	\$ 27,606	\$ 78,048	\$ 141,245	\$ 63,197
Total Expenditures and Other Uses . . . . .	<u>97,500</u>	<u>147,941</u>	<u>209,610</u>	<u>(61,669)</u>
Net Change in Fund Balance . . . . .	(69,894)	(69,893)	(68,365)	1,528
Fund balance at beginning of year . . . . .	4,202	4,202	4,202	-
Prior year encumbrances appropriated . . . . .	<u>65,692</u>	<u>65,692</u>	<u>65,692</u>	<u>-</u>
Fund balance at end of year . . . . .	<u><u>\$ -</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 1,529</u></u>	<u><u>\$ 1,528</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Title VI-B</b>				
Total Revenues and Other Sources . . . . .	\$ 1,374,148	\$ 1,374,148	\$ 1,320,903	\$ (53,245)
Total Expenditures and Other Uses . . . . .	<u>1,467,189</u>	<u>1,467,189</u>	<u>1,335,495</u>	<u>131,694</u>
Net Change in Fund Balance . . . . .	(93,041)	(93,041)	(14,592)	78,449
Fund balance at beginning of year . . . . .	<u>93,041</u>	<u>93,041</u>	<u>93,041</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,449</u>	<u>\$ 78,449</u>
 <b>Stimulus Title II D</b>				
Total Revenues and Other Sources . . . . .	\$ 1,841	\$ 1,627	\$ 1,627	\$ -
Total Expenditures and Other Uses . . . . .	<u>1,841</u>	<u>1,627</u>	<u>1,625</u>	<u>2</u>
Net Change in Fund Balance . . . . .	-	-	2	2
Prior year encumbrances appropriated. . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 2</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Title I</b>				
Total Revenues and Other Sources . . . . .	\$ 2,764,530	\$ 2,768,847	\$ 2,382,434	\$ (386,413)
Total Expenditures and Other Uses . . . . .	<u>2,835,224</u>	<u>2,839,541</u>	<u>2,453,128</u>	<u>386,413</u>
Net Change in Fund Balance . . . . .	(70,694)	(70,694)	(70,694)	-
Fund balance at beginning of year . . . . .	70,637	70,637	70,637	-
Prior year encumbrances appropriated . . . . .	<u>57</u>	<u>57</u>	<u>57</u>	<u>-</u>
Fund balance at end of year . . . . .	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 <b>EHA Preschool Grant</b>				
Total Revenues and Other Sources . . . . .	\$ 40,021	\$ 40,021	\$ 36,846	\$ (3,175)
Total Expenditures and Other Uses . . . . .	<u>42,832</u>	<u>42,832</u>	<u>36,848</u>	<u>5,984</u>
Net Change in Fund Balance . . . . .	(2,811)	(2,811)	(2)	2,809
Fund balance at beginning of year . . . . .	<u>2,812</u>	<u>2,812</u>	<u>2,812</u>	<u>-</u>
Fund balance at end of year . . . . .	<u><u>\$ 1</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 2,810</u></u>	<u><u>\$ 2,809</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Reducing Class Size</b>				
Total Revenues and Other Sources . . . . .	\$ 584,856	\$ 577,114	\$ 468,664	\$ (108,450)
Total Expenditures and Other Uses . . . . .	<u>598,972</u>	<u>591,230</u>	<u>465,445</u>	<u>125,785</u>
Net Change in Fund Balance . . . . .	(14,116)	(14,116)	3,219	17,335
Fund balance at beginning of year . . . . .	13,116	13,116	13,116	-
Prior year encumbrances appropriated. . . . .	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,335</u>	<u>\$ 17,335</u>
<b>Miscellaneous Federal Grants</b>				
Total Revenues and Other Sources . . . . .	\$ 486,619	\$ 480,643	\$ 532,501	\$ 51,858
Total Expenditures and Other Uses . . . . .	<u>488,819</u>	<u>482,843</u>	<u>529,519</u>	<u>(46,676)</u>
Net Change in Fund Balance . . . . .	(2,200)	(2,200)	2,982	5,182
Fund balance at beginning of year . . . . .	-	-	-	-
Prior year encumbrances appropriated. . . . .	<u>2,200</u>	<u>2,200</u>	<u>2,200</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,182</u>	<u>\$ 5,182</u>
<b>Food Service</b>				
Total Revenues and Other Sources . . . . .	\$ 2,300,000	\$ 2,300,000	\$ 2,404,770	\$ 104,770
Total Expenditures and Other Uses . . . . .	<u>2,558,033</u>	<u>2,558,033</u>	<u>2,214,581</u>	<u>343,452</u>
Net Change in Fund Balance . . . . .	(258,033)	(258,033)	190,189	448,222
Fund balance at beginning of year . . . . .	779,552	779,552	779,552	-
Prior year encumbrances appropriated. . . . .	<u>28,728</u>	<u>28,728</u>	<u>28,728</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 550,247</u>	<u>\$ 550,247</u>	<u>\$ 998,469</u>	<u>\$ 448,222</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Classroom Facilities Maintenance</b>				
Total Revenues and Other Sources . . . . .	\$ 485,000	\$ 482,812	\$ 482,812	\$ -
Total Expenditures and Other Uses . . . . .	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Net Change in Fund Balance . . . . .	385,000	382,812	482,812	100,000
Fund balance at beginning of year . . . . .	<u>1,931,248</u>	<u>1,931,248</u>	<u>1,931,248</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 2,316,248</u>	<u>\$ 2,314,060</u>	<u>\$ 2,414,060</u>	<u>\$ 100,000</u>
<b>School Activity Trusts</b>				
Total Revenues and Other Sources . . . . .	\$ 31,557	\$ 31,557	\$ 32,184	\$ 627
Total Expenditures and Other Uses . . . . .	<u>1,519</u>	<u>6,962</u>	<u>1,693</u>	<u>5,269</u>
Net Change in Fund Balance . . . . .	30,038	24,595	30,491	5,896
Fund balance at beginning of year . . . . .	<u>34,324</u>	<u>34,324</u>	<u>34,324</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 64,362</u>	<u>\$ 58,919</u>	<u>\$ 64,815</u>	<u>\$ 5,896</u>
<b>Staff Trusts</b>				
Total Revenues and Other Sources . . . . .	\$ 7,130	\$ 7,130	\$ 7,272	\$ 142
Total Expenditures and Other Uses . . . . .	<u>4,939</u>	<u>22,643</u>	<u>5,506</u>	<u>17,137</u>
Net Change in Fund Balance . . . . .	2,191	(15,513)	1,766	17,279
Fund balance at beginning of year . . . . .	19,055	19,055	19,055	-
Prior year encumbrances appropriated . . . . .	<u>65</u>	<u>65</u>	<u>65</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 21,311</u>	<u>\$ 3,607</u>	<u>\$ 20,886</u>	<u>\$ 17,279</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Rotary Fund - Special Services</b>				
Total Revenues and Other Sources . . . . .	\$ -	\$ -	\$ 650	\$ 650
Total Expenditures and Other Uses . . . . .	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Net Change in Fund Balance . . . . .	(10,000)	(10,000)	650	10,650
Fund balance at beginning of year . . . . .	<u>16,944</u>	<u>16,944</u>	<u>16,944</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 6,944</u>	<u>\$ 6,944</u>	<u>\$ 17,594</u>	<u>\$ 10,650</u>
<b>Rotary Fund</b>				
Total Revenues and Other Sources . . . . .	\$ 1,500	\$ 1,414	\$ 1,414	\$ -
Total Expenditures and Other Uses . . . . .	<u>5,000</u>	<u>5,000</u>	<u>1,455</u>	<u>3,545</u>
Net Change in Fund Balance . . . . .	(3,500)	(3,586)	(41)	3,545
Fund balance at beginning of year . . . . .	<u>6,425</u>	<u>6,425</u>	<u>6,425</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 2,925</u>	<u>\$ 2,839</u>	<u>\$ 6,384</u>	<u>\$ 3,545</u>
<b>Public School Support</b>				
Total Revenues and Other Sources . . . . .	\$ 29,840	\$ 29,840	\$ 43,494	\$ 13,654
Total Expenditures and Other Uses . . . . .	<u>51,540</u>	<u>62,110</u>	<u>36,637</u>	<u>25,473</u>
Net Change in Fund Balance . . . . .	(21,700)	(32,270)	6,857	39,127
Fund balance at beginning of year . . . . .	72,588	72,588	72,588	-
Prior year encumbrances appropriated. . . . .	<u>3,490</u>	<u>3,490</u>	<u>3,490</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 54,378</u>	<u>\$ 43,808</u>	<u>\$ 82,935</u>	<u>\$ 39,127</u>

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

**FUND DESCRIPTIONS**

**Nonmajor Capital Projects Funds**

Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition and construction of capital facilities and other capital assets. The nonmajor capital projects funds are:

**Permanent Improvement**

To account for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

**Building Fund**

This fund is used to account for monies received and expended in connection with the renovation and construction of District buildings.

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

COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2013

	<b>Permanent Improvement</b>	<b>Building</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 2,326,561	\$ 1,120,961	\$ 3,447,522
Receivables:			
Property taxes . . . . .	1,625,625	-	1,625,625
Payment in lieu of taxes . . . . .	755	-	755
Total assets. . . . .	<u>\$ 3,952,941</u>	<u>\$ 1,120,961</u>	<u>\$ 5,073,902</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	\$ 40,339	\$ -	\$ 40,339
Contracts payable. . . . .	541,125	357,057	898,182
Retainage payable . . . . .	-	438,296	438,296
Total liabilities. . . . .	<u>581,464</u>	<u>795,353</u>	<u>1,376,817</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year . . . . .	1,411,063	-	1,411,063
Payment in lieu of taxes levied for next fiscal year.	755	-	755
Delinquent property tax revenue not available . . . . .	134,112	-	134,112
Total deferred inflows of resources. . . . .	<u>1,545,930</u>	<u>-</u>	<u>1,545,930</u>
<b>Fund balances:</b>			
Restricted:			
Capital improvements . . . . .	1,825,547	325,608	2,151,155
Total fund balances . . . . .	<u>1,825,547</u>	<u>325,608</u>	<u>2,151,155</u>
Total liabilities, deferred inflows and fund balances .	<u>\$ 3,952,941</u>	<u>\$ 1,120,961</u>	<u>\$ 5,073,902</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, 2013

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Revenues:</b>			
From local sources:			
Property taxes . . . . .	\$ 943,826	\$ -	\$ 943,826
Payment in lieu of taxes . . . . .	438	-	438
Earnings on investments . . . . .	-	3,623	3,623
Other local revenues . . . . .	-	405,000	405,000
Intergovernmental - state . . . . .	266,280	-	266,280
Total revenues . . . . .	<u>1,210,544</u>	<u>408,623</u>	<u>1,619,167</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular. . . . .	384,379	-	384,379
Support services:			
Administration . . . . .	167,538	-	167,538
Fiscal. . . . .	23,333	-	23,333
Business . . . . .	11,186	-	11,186
Operations and maintenance . . . . .	249,255	-	249,255
Pupil transportation . . . . .	275,541	-	275,541
Facilities acquisition and construction . . . . .	971,545	3,920,636	4,892,181
Total expenditures . . . . .	<u>2,082,777</u>	<u>3,920,636</u>	<u>6,003,413</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(872,233)</u>	<u>(3,512,013)</u>	<u>(4,384,246)</u>
<b>Other financing sources:</b>			
Sale of capital assets. . . . .	90,000	-	90,000
Transfers in. . . . .	-	2,095,126	2,095,126
Total other financing sources. . . . .	<u>90,000</u>	<u>2,095,126</u>	<u>2,185,126</u>
Net change in fund balances . . . . .	(782,233)	(1,416,887)	(2,199,120)
<b>Fund balances at beginning of year . . . . .</b>	<u>2,607,780</u>	<u>1,742,495</u>	<u>4,350,275</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 1,825,547</u>	<u>\$ 325,608</u>	<u>\$ 2,151,155</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Permanent Improvement</b>				
Total Revenues and Other Sources . . . . .	\$ 1,527,832	\$ 1,556,270	\$ 1,719,525	\$ 163,255
Total Expenditures and Other Uses . . . . .	<u>2,364,274</u>	<u>3,166,274</u>	<u>3,146,891</u>	<u>19,383</u>
Net Change in Fund Balance . . . . .	(836,442)	(1,610,004)	(1,427,366)	182,638
Fund balance at beginning of year . . . . .	2,421,055	2,421,055	2,421,055	-
Prior year encumbrances appropriated . . . . .	<u>137,574</u>	<u>137,574</u>	<u>137,574</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 1,722,187</u>	<u>\$ 948,625</u>	<u>\$ 1,131,263</u>	<u>\$ 182,638</u>
<b>Building</b>				
Total Revenues and Other Sources . . . . .	\$ 2,747	\$ 2,502,873	\$ 2,885,566	\$ 382,693
Total Expenditures and Other Uses . . . . .	<u>2,504,079</u>	<u>5,076,205</u>	<u>5,221,378</u>	<u>(145,173)</u>
Net Change in Fund Balance . . . . .	(2,501,332)	(2,573,332)	(2,335,812)	237,520
Fund balance at beginning of year . . . . .	1,487,254	1,487,254	1,487,254	-
Prior year encumbrances appropriated . . . . .	<u>1,014,079</u>	<u>1,014,079</u>	<u>1,014,079</u>	<u>-</u>
Fund balance (deficit) at end of year . . . . .	<u>\$ 1</u>	<u>\$ (71,999)</u>	<u>\$ 165,521</u>	<u>\$ 237,520</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Employee Benefits Self-Insurance</b>				
Total Operating and Non-operating Revenues . . .	\$ 547,200	\$ 511,983	\$ 511,984	\$ 1
Total Operating and Non-operating Expenses . . .	<u>547,200</u>	<u>547,200</u>	<u>466,559</u>	<u>80,641</u>
Net change in fund equity . . . . .	-	(35,217)	45,425	80,642
Fund equity at beginning of year. . . . .	<u>144,621</u>	<u>144,621</u>	<u>144,621</u>	<u>-</u>
Fund equity at end of year . . . . .	<u>\$ 144,621</u>	<u>\$ 109,404</u>	<u>\$ 190,046</u>	<u>\$ 80,642</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 POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
JUNE 30, 2013

	<b>Special Trusts</b>	<b>Endowment</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 35,527	\$ 9,940	\$ 45,467
Total assets. . . . .	35,527	9,940	45,467
<b>Net Position:</b>			
Held in trust for scholarships . . . . .	35,527	9,940	45,467
Total net position. . . . .	\$ 35,527	\$ 9,940	\$ 45,467

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

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<b>Special Trusts</b>	<b>Endowment</b>	<b>Total</b>
<b>Additions:</b>			
Interest . . . . .	\$ 140	\$ 42	\$ 182
Gifts and contributions. . . . .	2,078	-	2,078
Total additions. . . . .	2,218	42	2,260
<b>Deductions:</b>			
Scholarships awarded . . . . .	4,179	141	4,320
Change in net position. . . . .	(1,961)	(99)	(2,060)
<b>Net position at beginning of year . . . . .</b>	37,488	10,039	47,527
<b>Net position at end of year . . . . .</b>	\$ 35,527	\$ 9,940	\$ 45,467

**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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Special Trusts</b>				
Total Operating and Non-operating Revenues . . .	\$ 2,175	\$ 2,175	\$ 2,218	\$ 43
Total Operating and Non-operating Expenses . . .	<u>3,749</u>	<u>17,185</u>	<u>4,179</u>	<u>13,006</u>
Net change in fund equity . . . . .	(1,574)	(15,010)	(1,961)	13,049
Fund equity at beginning of year. . . . .	<u>37,488</u>	<u>37,488</u>	<u>37,488</u>	<u>-</u>
Fund equity at end of year . . . . .	<u>\$ 35,914</u>	<u>\$ 22,478</u>	<u>\$ 35,527</u>	<u>\$ 13,049</u>
<b>Endowment</b>				
Total Operating and Non-operating Revenues . . .	\$ 50	\$ 42	\$ 42	\$ -
Total Operating and Non-operating Expenses . . .	<u>500</u>	<u>500</u>	<u>141</u>	<u>359</u>
Net change in fund equity . . . . .	(450)	(458)	(99)	359
Fund equity at beginning of year. . . . .	<u>10,039</u>	<u>10,039</u>	<u>10,039</u>	<u>-</u>
Fund equity at end of year . . . . .	<u>\$ 9,589</u>	<u>\$ 9,581</u>	<u>\$ 9,940</u>	<u>\$ 359</u>

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

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Beginning Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2013</u>
<b>Student Managed Activities</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 44,354	\$ 49,090	\$ 41,795	\$ 51,649
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 195	\$ -	\$ 195	\$ -
Due to students . . . . .	44,159	49,090	41,600	51,649
Total liabilities. . . . .	<u>\$ 44,354</u>	<u>\$ 49,090</u>	<u>\$ 41,795</u>	<u>\$ 51,649</u>

# 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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	<b>124-137</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	<b>138-143</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	<b>144-147</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	<b>148-149</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	<b>150-161</b>

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

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

	<u>2013 (2)</u>	<u>2012 (2)</u>	<u>2011 (1)</u>	<u>2010 (1)</u>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 87,567,379	\$ 81,178,055	\$ -	\$ -
Invested in capital assets, net of related debt	-	-	61,549,043	35,083,192
Restricted	13,354,997	19,658,990	43,863,448	67,827,213
Unrestricted (deficit)	10,090,041	8,012,611	6,694,686	4,424,169
Total governmental activities net position	<u>\$ 111,012,417</u>	<u>\$ 108,849,656</u>	<u>\$ 112,107,177</u>	<u>\$ 107,334,574</u>

(1) Amounts have been restated to capitalize construction manager fees previously expensed.

(2) New terminology in accordance with GASB Statement No. 63 which was implemented in 2013.

Amounts for 2012 have been restated to reflect the implementation of GASB Statement No. 65.

**Source:** School District financial records.



<u>2009 (1)</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25,933,780	17,859,087	16,214,383	13,103,344	9,955,146	9,152,844
76,109,543	25,247,127	5,704,916	5,406,107	5,060,101	3,180,387
(820,796)	(658,639)	(3,782,517)	(3,376,375)	1,362,383	5,327,808
<u>\$ 101,222,527</u>	<u>\$ 42,447,575</u>	<u>\$ 18,136,782</u>	<u>\$ 15,133,076</u>	<u>\$ 16,377,630</u>	<u>\$ 17,661,039</u>

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

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

	<u>2013</u>	<u>2012</u>	<u>2011 (1)</u>	<u>2010 (1)</u>	<u>2009 (1)</u>
<b>Expenses</b>					
Governmental activities:					
Instruction:					
Regular	\$ 33,001,079	\$ 33,765,227	\$ 31,997,731	\$ 28,348,098	\$ 27,691,090
Special	9,533,160	8,440,344	8,121,944	8,652,532	7,867,634
Vocational	370,850	414,361	446,067	476,722	482,489
Other instructional	263,687	272,675	646,105	538,181	587,205
Support services:					
Pupil	3,694,655	3,583,008	3,448,955	3,141,826	3,268,163
Instructional staff	3,974,951	4,423,319	4,353,286	4,521,869	4,650,488
Board of education	130,169	200,947	241,079	209,247	257,859
Administration	3,627,531	3,595,887	3,618,373	3,512,967	3,597,685
Fiscal	1,283,969	1,196,301	1,174,507	1,145,723	1,156,392
Business	450,361	657,712	671,255	669,134	629,211
Operations and maintenance	6,094,397	6,342,432	6,080,462	5,219,050	5,121,277
Pupil transportation	2,439,472	2,934,032	2,381,970	2,354,922	1,950,329
Central	1,055,945	878,151	827,465	847,739	1,071,009
Operation of non-instructional services:					
Other non-instructional services	775,455	626,023	700,135	593,413	748,448
Food service operations	2,385,819	2,646,025	2,242,916	2,247,871	2,850,515
Extracurricular activities	639,287	1,027,671	969,125	960,411	1,011,699
Interest and fiscal charges	2,718,848	2,660,397	2,945,887	2,997,107	3,064,035
<b>Total governmental activities expenses</b>	<u>72,439,635</u>	<u>73,664,512</u>	<u>70,867,262</u>	<u>66,436,812</u>	<u>66,005,528</u>

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 26,612,336	\$ 28,134,111	\$ 28,553,388	\$ 28,662,755	\$ 26,376,443
7,386,301	7,449,750	7,431,992	6,847,032	6,345,783
491,686	1,041,165	1,087,737	1,089,735	1,182,704
415,522	293,270	194,920	13,059	16,306
3,165,276	3,100,714	2,901,350	2,847,301	2,968,230
4,581,834	5,179,283	4,734,810	3,898,544	3,946,139
314,946	241,624	345,371	341,420	237,432
3,621,145	4,087,770	3,910,074	3,945,441	4,191,719
1,162,601	1,131,945	1,105,748	1,008,723	1,032,761
601,678	564,398	582,607	523,402	527,942
4,782,208	4,989,885	5,174,107	5,171,450	4,960,836
2,066,216	2,783,937	2,565,336	2,345,807	2,167,866
1,254,625	829,579	944,617	881,931	780,036
621,123	789,543	861,820	717,034	892,487
2,794,947	2,561,467	2,604,010	2,353,651	2,382,382
925,354	1,029,804	1,071,732	900,135	899,861
3,134,092	3,192,382	3,071,064	1,142,139	337,037
<u>63,931,890</u>	<u>67,400,627</u>	<u>67,140,683</u>	<u>62,689,559</u>	<u>59,245,964</u>

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

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

	<u>2013</u>	<u>2012</u>	<u>2011 (1)</u>	<u>2010 (1)</u>	<u>2009 (1)</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
Instruction:					
Regular	\$ 776,913	\$ 689,402	\$ 708,165	\$ 813,838	\$ 636,853
Special	180,189	119,276	105,510	114,846	127,435
Support services:					
Instructional staff	-	-	-	-	1,155
Board of education	-	-	-	41,295	-
Fiscal	-	-	-	-	25,018
Operations and maintenance	12,218	631	22,290	63,859	37,779
Pupil transportation	94,812	108,658	100,681	-	106,304
Operation of non-instructional services:					
Other non-instructional services	36,846	40,641	17,996	48,244	40,844
Food service operations	517,229	538,131	570,499	565,411	1,067,671
Extracurricular activities	145,627	287,852	431,914	346,882	403,837
Operating grants and contributions:					
Instruction:					
Regular	446,406	585,961	3,776,904	2,037,234	2,246,518
Special	4,754,225	5,025,868	5,311,051	5,247,759	4,096,721
Vocational	74,615	66,976	66,976	66,478	65,995
Other instructional	-	3,498	575,963	410,037	421,750
Support services:					
Pupil	209,378	265,827	342,198	339,571	291,485
Instructional staff	2,334,546	2,162,364	2,157,337	2,571,924	1,847,393
Administration	126,027	140,189	253,444	277,978	217,473
Fiscal	7,756	7,756	10,700	27,524	25,929
Operations and maintenance	119,047	134,547	127,496	12,492	26,507
Pupil transportation	432,112	279,518	226,099	37,353	182,022
Central	19,800	19,800	26,996	29,756	49,269
Operation of non-instructional services:					
Other non-instructional services	640,036	596,853	592,192	604,578	604,128
Food service operations	1,945,837	1,882,114	1,794,940	1,743,778	1,542,792
Extracurricular activities	59,442	13,231	-	19,241	54,200
Capital grants and contributions:					
Instruction:					
Regular	-	-	-	-	-
Vocational	-	-	-	-	-
Support services:					
Pupil transportation	-	-	-	-	-
Operations and maintenance	-	-	142,790	530,000	440,110
Central	405,000	-	-	-	-
Extracurricular activities	-	-	-	-	-
Total governmental program revenues	<u>13,338,061</u>	<u>12,969,093</u>	<u>17,362,141</u>	<u>15,950,078</u>	<u>14,559,188</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	<u>(59,101,574)</u>	<u>(60,695,419)</u>	<u>(53,505,121)</u>	<u>(50,486,734)</u>	<u>(51,446,340)</u>

	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
\$	571,523	\$ 669,166	\$ 504,724	\$ 435,994	\$ 509,081
	68,485	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	24,387	23,322	23,031	22,764	25,413
	4,993	4,374	6,103	-	-
	121,473	45,245	31,583	36,234	56,190
	46,957	1,689	1,853	40,739	13,809
	1,135,897	1,123,246	1,167,613	1,115,521	1,111,397
	411,048	232,088	243,028	224,315	186,547
	2,324,772	2,751,747	1,189,563	924,400	918,509
	4,390,760	2,400,089	2,483,275	2,571,207	2,124,975
	72,809	150,137	-	-	4,949
	262,072	132,894	-	-	-
	419,746	155,554	86,205	85,377	161,869
	2,058,960	1,909,091	1,953,205	1,239,356	989,676
	227,470	256,806	317,262	285,052	279,937
	17,947	16,558	16,952	16,946	17,568
	10,684	169,128	1,126	53,875	47,566
	234,751	147,193	7,711	13,926	3,683
	51,306	-	266,704	258,820	124,201
	609,014	686,997	671,103	732,407	726,918
	1,798,117	1,479,396	1,303,190	1,389,461	1,189,780
	28,785	143,078	33,298	44,861	68,353
	-	-	-	-	134,475
	-	-	-	-	-
	18,364	48,266	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	107,200	-	-	-	-
	<u>15,017,520</u>	<u>12,546,064</u>	<u>10,307,529</u>	<u>9,491,255</u>	<u>8,694,896</u>
	<u>(48,914,370)</u>	<u>(54,854,563)</u>	<u>(56,833,154)</u>	<u>(53,198,304)</u>	<u>(50,551,068)</u>

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

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

<b>General Revenues and Other Changes in Net Assets</b>	<b>2013</b>	<b>2012</b>	<b>2011 (1)</b>	<b>2010 (1)</b>	<b>2009 (1)</b>
Governmental activities:					
Property taxes levied for:					
General purposes	\$ 19,435,032	\$ 18,780,403	\$ 17,543,757	\$ 19,590,287	\$ 14,833,502
Debt service	3,521,282	4,016,127	3,841,620	4,704,334	4,429,725
Capital outlay	943,709	874,230	825,914	1,485,069	1,417,711
Facilities maintenance	412,881	412,881	412,881	-	-
School district income taxes	8,119,680	7,817,597	7,774,670	7,674,450	7,672,584
Revenue in lieu of taxes	8,504	8,109	7,884	-	-
Grants and entitlements not restricted to specific programs	28,256,565	27,367,109	26,576,387	26,714,548	25,173,592
Grants restricted for Ohio Schools Facilities Commission (OSFC)	-	-	-	-	73,546,948
Gain on sale of building and land	56,789	-	818,010	76,724	-
Investment earnings	48,591	64,799	93,035	215,269	534,004
Miscellaneous	461,302	690,646	383,565	434,997	472,314
Special Item:					
Gain on sale of building	-	-	-	-	-
Extraordinary Item:					
Decrease in scope of work for OSFC	-	(2,180,642)	-	-	-
Total governmental activities	<u>61,264,335</u>	<u>57,851,259</u>	<u>58,277,723</u>	<u>60,895,678</u>	<u>128,080,380</u>
 Total primary government	 <u>61,264,335</u>	 <u>57,851,259</u>	 <u>58,277,723</u>	 <u>60,895,678</u>	 <u>128,080,380</u>
 <b>Change in Net Position</b>					
Governmental activities	<u>\$ 2,162,761</u>	<u>\$ (2,844,160)</u>	<u>\$ 4,772,602</u>	<u>\$ 10,408,944</u>	<u>\$ 76,634,040</u>

**Source:** School District financial records.

(1) Amounts have been restated to reflect the capitalization of construction manager fees that were previously reported as expenses.

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 15,244,558	\$ 16,151,573	\$ 13,703,475	\$ 13,508,764	\$ 14,311,729
4,432,573	4,520,108	4,139,536	3,109,628	502,213
1,463,426	1,513,579	1,393,660	1,402,882	1,493,491
-	-	-	-	-
8,297,755	7,874,278	6,865,451	6,954,810	6,675,694
-	-	-	-	-
23,464,963	24,336,251	26,074,935	25,913,567	25,130,747
-	-	-	-	-
-	-	-	-	-
1,911,762	3,351,578	3,197,642	983,403	274,759
551,039	110,902	60,890	41,841	124,922
-	-	153,011	-	-
-	-	-	-	-
<u>55,366,076</u>	<u>57,858,269</u>	<u>55,588,600</u>	<u>51,914,895</u>	<u>48,513,555</u>
<u>55,366,076</u>	<u>57,858,269</u>	<u>55,588,600</u>	<u>51,914,895</u>	<u>48,513,555</u>
<u>\$ 6,451,706</u>	<u>\$ 3,003,706</u>	<u>\$ (1,244,554)</u>	<u>\$ (1,283,409)</u>	<u>\$ (2,037,513)</u>

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

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

	<u>2013</u>	<u>2012</u>	<u>2011 (1)</u>	<u>2010</u>	<u>2009</u>
General Fund:					
Nonspendable	\$ 69,412	\$ 74,510	\$ 56,208	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	689,729	953,261	953,261	-	-
Assigned	1,607,892	3,199,984	1,997,793	-	-
Unassigned	12,006,734	8,611,963	7,939,360	-	-
Reserved	-	-	-	6,561,735	2,637,082
Unreserved	-	-	-	4,767,201	3,691,856
Total general fund	<u>\$ 14,373,767</u>	<u>\$ 12,839,718</u>	<u>\$ 10,946,622</u>	<u>\$ 11,328,936</u>	<u>\$ 6,328,938</u>
All Other Governmental Funds:					
Nonspendable	\$ 40,317	\$ 40,915	\$ 26,689	\$ -	\$ -
Restricted	11,030,073	19,294,885	31,769,445	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(390,307)	(449,378)	(445,718)	-	-
Reserved	-	-	-	19,603,666	18,844,844
Unreserved, reported in:					
Special revenue funds	-	-	-	954,353	653,666
Capital projects funds	-	-	-	8,796,498	4,322,307
Total all other governmental funds	<u>\$ 10,680,083</u>	<u>\$ 18,886,422</u>	<u>\$ 31,350,416</u>	<u>\$ 29,354,517</u>	<u>\$ 23,820,817</u>

**Source:** School District financial records.

(1) The District implemented GASB Statement 54 in fiscal year 2011.



<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,379,915	1,629,693	1,384,162	2,253,879	3,056,114
<u>3,532,692</u>	<u>1,511,007</u>	<u>2,840,394</u>	<u>6,171,645</u>	<u>9,724,153</u>
<u>\$ 5,912,607</u>	<u>\$ 3,140,700</u>	<u>\$ 4,224,556</u>	<u>\$ 8,425,524</u>	<u>\$ 12,780,267</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
13,924,060	21,989,659	40,587,089	8,113,911	1,438,404
609,719	511,036	322,777	1,112,823	442,626
<u>7,636,692</u>	<u>13,732,555</u>	<u>25,765,669</u>	<u>45,356,433</u>	<u>757,890</u>
<u>\$ 22,170,471</u>	<u>\$ 36,233,250</u>	<u>\$ 66,675,535</u>	<u>\$ 54,583,167</u>	<u>\$ 2,638,920</u>

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

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Revenues</b>				
From local sources:				
Taxes	\$ 32,497,842	\$ 31,545,654	\$ 29,758,224	\$ 32,246,871
Tuition	788,387	647,337	655,273	643,778
Transportation fees	94,812	108,658	102,270	94,614
Charges for services	522,869	538,131	570,499	565,092
Earnings on investments	50,873	66,212	94,901	240,642
Extracurricular	167,759	292,542	400,659	352,173
Classroom materials and fees	129,328	138,162	141,145	159,170
Other local revenues	1,137,074	907,077	838,295	1,269,631
Intergovernmental - intermediate	-	-	-	8,028
Intergovernmental - state	34,186,510	42,244,746	57,690,931	47,200,320
Intergovernmental - federal	6,941,413	8,289,390	10,809,399	9,957,222
Total revenues	<u>76,516,867</u>	<u>84,777,909</u>	<u>101,061,596</u>	<u>92,737,541</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	31,221,725	31,743,954	32,472,318	28,345,078
Special	9,558,244	8,398,638	8,247,873	8,659,439
Vocational	264,377	315,940	437,997	444,955
Other	260,394	257,184	651,737	537,611
Current:				
Pupil	3,611,968	3,492,303	3,440,477	3,164,110
Instructional staff	3,860,664	4,289,985	4,441,022	4,481,557
Board of education	130,169	200,947	241,079	209,247
Administration	3,556,450	3,500,955	3,589,025	3,486,223
Fiscal	1,283,155	1,199,870	1,164,936	1,152,005
Business	450,846	590,576	598,524	614,141
Operations and maintenance	5,989,433	6,050,191	6,100,182	5,528,513
Pupil transportation	2,699,744	2,711,740	2,360,184	2,323,704
Central	1,055,074	870,123	802,343	818,799
Operation of non-instructional services:				
Other non-instructional services	767,454	612,583	687,230	595,149
Food service operations	2,211,304	2,482,293	2,188,137	2,213,006
Extracurricular activities	427,811	855,537	848,253	855,746
Facilities acquisitions and construction	10,866,526	23,652,230	27,166,008	14,056,143
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	2,336,866	2,286,202	1,980,000	1,915,000
Interest and fiscal charges	2,775,471	2,651,892	2,910,597	2,974,338
Bond issue costs	-	150,358	-	-
Total expenditures	<u>83,327,675</u>	<u>96,313,501</u>	<u>100,327,922</u>	<u>82,374,764</u>
Excess (deficiency) of revenues over (under) expenditures	(6,810,808)	(11,535,592)	733,674	10,362,777

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006 (1)</u>	<u>2005</u>	<u>2004</u>
\$	28,150,223	\$ 29,329,331	\$ 29,572,014	\$ 29,257,119	\$ 24,950,728	\$ 23,079,582
	621,504	436,338	531,753	433,518	314,139	377,784
	106,068	121,473	45,245	31,583	36,234	-
	1,067,671	1,135,897	1,123,246	1,167,738	1,119,220	1,108,670
	609,101	2,189,194	3,863,883	2,517,486	889,366	255,264
	395,450	439,352	233,777	244,881	265,338	201,028
	151,117	175,530	111,387	107,197	123,699	-
	1,143,373	776,815	453,003	252,129	252,571	517,556
	18,939	12,000	10,500	16,300	31,630	11,658
	43,994,768	29,006,860	28,566,396	25,250,479	27,316,257	26,617,391
	6,116,682	6,705,536	6,275,892	5,960,152	6,741,015	4,860,884
	<u>82,374,896</u>	<u>70,328,326</u>	<u>70,787,096</u>	<u>65,238,582</u>	<u>62,040,197</u>	<u>57,029,817</u>
	27,519,564	26,105,825	27,575,208	27,975,004	28,065,173	25,961,258
	7,837,702	7,333,687	7,349,527	7,430,230	6,921,107	6,311,759
	486,363	474,685	1,034,465	1,072,877	1,060,164	1,176,775
	585,723	409,965	292,914	186,415	13,059	16,306
	3,242,632	3,142,179	3,078,446	2,855,961	2,832,431	2,933,163
	4,679,590	4,588,276	5,031,555	4,602,871	3,799,201	3,639,499
	257,859	314,946	241,624	345,371	341,420	237,432
	3,609,586	3,533,891	4,042,831	3,841,841	3,785,983	4,260,278
	1,157,436	1,163,325	1,124,932	1,091,412	1,013,159	1,024,811
	557,971	533,895	497,248	578,033	518,418	523,986
	5,397,553	5,185,527	4,963,868	5,155,432	4,753,538	4,811,768
	1,705,601	1,822,635	2,925,542	2,732,911	2,416,712	2,098,721
	1,041,645	1,230,284	933,351	919,891	856,895	782,421
	734,600	601,265	756,193	682,526	778,325	678,086
	2,844,805	2,739,353	2,535,527	2,613,723	2,265,445	2,223,606
	873,551	878,700	1,001,714	1,044,681	873,950	877,989
	12,410,905	16,409,668	35,123,552	9,977,873	2,401,055	467,077
	-	-	-	408,409	-	-
	2,309,760	2,443,183	1,634,327	1,689,314	256,368	423,986
	3,054,946	3,139,360	3,195,079	2,915,044	1,061,833	339,375
	<u>-</u>	<u>-</u>	<u>-</u>	<u>367,892</u>	<u>-</u>	<u>-</u>
	<u>80,307,792</u>	<u>82,050,649</u>	<u>103,337,903</u>	<u>78,487,711</u>	<u>64,014,236</u>	<u>58,788,296</u>
	2,067,104	(11,722,323)	(32,550,807)	(13,249,129)	(1,974,039)	(1,758,479)

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

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 2,221,799	\$ 151,606	\$ 78,975	\$ 1,644,890
Transfers (out)	(2,221,799)	(151,606)	(78,975)	(1,644,890)
Sale of capital assets	135,899	185,867	885,419	170,782
Insurance proceeds	-	-	-	-
Capital lease transaction	-	812,035	-	-
Premium on bond issuance	-	1,452,977	-	-
Payment to refunded bond escrow	-	(10,041,982)	-	-
Issuance of notes/bonds	-	8,545,000	-	-
Total other financing sources (uses)	<u>135,899</u>	<u>953,897</u>	<u>885,419</u>	<u>170,782</u>
Net change in fund balances	<u>\$ (6,674,909)</u>	<u>\$ (10,581,695)</u>	<u>\$ 1,619,093</u>	<u>\$ 10,533,559</u>
Debt service as a percentage of noncapital expenditures	7.02%	6.73%	6.67%	7.17%

**Source:** School District financial records.

- (1) The special item previously reported in 2006 for the sale of a building has been reclassified to "sale of capital assets" for presentation in this schedule.

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006 (1)</u>	<u>2005</u>	<u>2004</u>
\$ 475,881	\$ 3,355,161	\$ 50,000	\$ 45,000	\$ 61,429	\$ 40,000
(475,881)	(3,355,161)	(50,000)	(45,000)	(61,429)	(40,000)
-	398,000	17,820	267,545	10,700	-
-	40,013	-	-	-	-
-	-	-	408,409	-	-
-	-	-	657,621	461,824	-
-	-	-	(5,615,280)	-	-
-	-	990,000	25,414,998	50,000,000	-
-	438,013	1,007,820	21,133,293	50,472,524	-
<u>\$ 2,067,104</u>	<u>\$ (11,284,310)</u>	<u>\$ (31,542,987)</u>	<u>\$ 7,884,164</u>	<u>\$ 48,498,485</u>	<u>\$ (1,758,479)</u>
7.91%	8.61%	7.15%	6.81%	2.18%	1.31%

**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
2013	\$ 767,933,100	\$ 2,194,094,571	\$ -	\$ -	\$ 30,950,060	\$ 88,428,743
2012	769,329,940	2,198,085,543	-	-	29,161,190	83,317,686
2011	774,335,070	2,212,385,914	-	-	27,847,810	79,565,171
2010	771,814,960	2,205,185,600	-	-	27,196,780	77,705,086
2009	761,319,310	2,175,198,029	1,979,095	7,916,380	25,449,240	72,712,114
2008	757,658,990	2,164,739,971	17,277,260	69,109,040	23,901,120	68,288,914
2007	748,482,390	2,138,521,114	32,795,180	131,180,720	28,457,510	81,307,171
2006	739,828,180	2,113,794,800	60,520,190	242,080,760	28,310,940	80,888,400
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

**Source:** Licking County Auditor's Office

(a) The assessed value of real property is fixed at 35% of true value and is determined pursuant to the State Tax Commissioner.

(b) Tangible personal property and public utility tangible property are assessed at varying percentages of true value. As categories of tangible personal property have not been separated for this table, the maximum assessed rate of 25% of true value is assumed. Tangible personal property is being phased out, and was reduced to zero for fiscal year 2009, collection year 2010.

(c) Assumes public utilities are assessed at true value which is 35%.

		<b>Total</b>		
<b>Total Direct Tax Rate</b>	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>%</b>	
\$ 42.67	\$ 798,883,160	\$ 2,282,523,314	35.00%	
43.96	798,491,130	2,281,403,229	35.00%	
43.90	802,182,880	2,291,951,085	35.00%	
44.05	799,011,740	2,282,890,686	35.00%	
36.64	788,747,645	2,255,826,523	34.96%	
36.42	798,837,370	2,302,137,925	34.70%	
36.42	809,735,080	2,351,009,005	34.44%	
36.35	828,659,310	2,436,763,960	34.01%	
37.02	750,141,260	2,209,834,045	33.95%	
31.13	746,325,330	2,207,906,520	33.80%	

**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			
2012/2013	7.70	3.70	30.87	4.80	2.90	4.10	42.67	2.48
2011/2012	7.70	3.70	30.87	6.09	2.90	4.10	43.96	2.54
2010/2011	7.70	3.70	30.76	6.14	2.90	4.10	43.90	2.52
2009/2010	7.40	3.70	30.90	6.15	2.90	4.10	44.05	2.50
2008/2009	7.10	3.70	23.40	6.24	2.90	4.10	36.64	2.50
2007/2008	7.40	3.70	23.40	6.02	2.90	4.10	36.42	3.00
2006/2007	7.40	3.70	23.40	6.02	2.90	4.10	36.42	3.00
2005/2006	7.40	3.70	23.40	5.95	2.90	4.10	36.35	3.00
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

Source: Licking County Auditor's Office



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

PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO

<b>December 31, 2012</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>
Ohio Power	\$ 26,156,450	1	3.27%
Sharonbrooke Inn Limited	2,739,170	2	0.34%
State Farm Mtl Auto Insurance	2,553,540	3	0.32%
Newark Ambulatory Surgery Center	2,224,430	4	0.28%
Owens Corning Fiberglas	2,194,750	5	0.27%
Ohio II TIC Et Al	2,021,150	6	0.25%
Cole DC Newark Ohio LLC	1,826,060	7	0.23%
Columbia Gas of Ohio	1,771,670	8	0.22%
Meijer Stores Limited	1,727,880	9	0.22%
American Industrial Buildings	1,707,510	10	0.21%
<b>Total</b>	<b>\$ 44,922,610</b>		<b>\$ 798,883,160</b>

<b>December 31, 2003</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>
Owens Corning Fiberglas	\$ 27,434,910	1	3.68%
Ohio Power	16,490,260	2	2.21%
Alltel Ohio, Inc	7,315,030	3	0.98%
Meijer Stores Ltd. Partnership	3,502,710	4	0.47%
Wal Mart Real Estate Brokers	3,480,790	5	0.47%
Gannet Company Inc.	2,783,430	6	0.37%
Kroger Company	2,745,000	7	0.37%
Southgate Company LLP	2,438,400	8	0.33%
Health Care Prop. Investors Inc.	2,288,340	9	0.31%
Anomatic Corporation	2,129,940	10	0.29%
<b>Total</b>	<b>\$ 70,608,810</b>		<b>\$ 746,325,330</b>

**Source:** Licking County Auditor's Office

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

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

<u>Tax Year/ Collection Year</u>	<u>Current Levy</u>	<u>Delinquent Levy</u>	<u>Total Levy</u>	<u>Current Collection</u>	<u>Percent of Current Levy Collected</u>
2012/2013	(1)	(1)	(1)	(1)	(1)
2011/2012	\$ 26,908,489	\$ 1,620,392	\$ 28,528,881	\$ 26,799,946	99.60%
2010/2011	27,242,660	1,507,104	28,749,764	25,984,484	95.38%
2009/2010	27,202,918	1,661,047	28,863,965	26,457,416	97.26%
2008/2009	22,747,047	955,080	23,702,127	21,791,967	95.80%
2007/2008	22,883,262	1,506,842	24,390,104	22,103,989	96.59%
2006/2007	23,478,761	1,369,068	24,847,829	22,627,569	96.37%
2005/2006	23,531,790	1,181,979	24,713,769	22,594,745	96.02%
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%

Note: "Delinquent Levy" indicates the portion collected that was delinquent.

**Source:** Licking County Auditor's Office

(1) Information not available from County at time of reporting.

<b>Delinquent Collection</b>	<b>Total Collection</b>	<b>Total Collection As a Percent of Total Levy</b>
(1)	(1)	(1)
\$ 764,522	\$ 27,564,468	96.62%
911,181	26,895,665	93.55%
911,024	27,368,440	94.82%
617,404	22,409,371	94.55%
701,356	22,805,345	93.50%
740,785	23,368,354	94.05%
640,753	23,235,498	94.02%
575,124	17,938,259	94.41%
618,793	17,771,898	92.86%

**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				
2013	\$ 61,710,000	\$ -	\$ -	\$ 328,967	\$ 62,038,967	1,304	9,644	5.94%
2012	63,810,000	-	-	565,833	64,375,833	1,353	10,090	6.17%
2011	66,009,206	-	-	-	66,009,206	1,388	10,556	6.32%
2010	67,928,845	-	-	-	67,928,845	1,468	10,692	8.24%
2009	69,795,868	-	-	-	69,795,868	1,508	10,730	8.46%
2008	71,617,734	330,000	-	119,760	72,067,494	1,557	11,023	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%

**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. "Per ADM" amounts for 2008-2011 have adjusted to reflect a change in School Enrollment figures for those years.

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

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>General Obligation Bonds (1)</b>	<b>Fund Balances Restricted for Debt Service</b>	<b>Net General Bonded Debt Outstanding</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
2013	\$ 61,710,000	\$ (2,416,115)	\$ 59,293,885	2.60%	\$ 1,246
2012	63,810,000	(3,136,030)	60,673,970	2.66%	1,275
2011	66,009,206	(3,460,064)	62,549,142	2.73%	1,315
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

(1) Details regarding the District's outstanding debt can be found in the notes to the financial statements. Total includes accreted interest on capital appreciation bonds.

**Source:** School District financial records

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

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2013

<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	\$ 62,038,967	100.00%	\$ 62,038,967
Overlapping debt:			
City of Newark	12,209,991	99.78%	12,183,129
Licking County	13,792,570	21.22%	2,926,783
Licking County Joint Vocational School	4,295,000	20.62%	885,629
Total overlapping debt	<u>30,297,561</u>		<u>15,995,541</u>
 Total direct and overlapping debt	 <u>\$ 92,336,528</u>		 <u>\$ 78,034,508</u>

**Note:** The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the District's taxable assessed value that is within the subdivision's boundaries and dividing it by the District's total taxable assessed value. Net general tax supported debt includes accreted interest on capital appreciation bonds but excludes unamortized bond premiums, discounts and deferred losses on refundings.

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

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>Voted Debt Limit</b>	<b>Total Debt Applicable to Limit (1)</b>	<b>Debt Service Available Balance</b>	<b>Net Debt Applicable to Limit</b>	<b>Voted Legal Debt Margin</b>	<b>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</b>
2013	\$ 71,899,484	\$ 61,710,000	\$ 2,416,115	\$ 59,293,885	\$ 12,605,599	82.47%
2012	71,864,202	63,810,000	3,136,030	60,673,970	11,190,232	84.43%
2011	72,196,459	65,799,998	3,460,064	62,339,934	9,856,525	86.35%
2010	71,896,470	67,779,998	3,970,159	63,809,839	8,086,631	88.75%
2009	70,791,123	69,694,998	3,619,912	66,075,086	4,716,037	93.34%
2008	70,318,435	71,554,998	3,556,523	67,998,475	2,319,960	96.70%
2007	69,401,367	70,056,769	3,545,229	66,511,540	2,889,827 (a)	N/A
2006	74,579,338	71,785,969	3,121,764	68,664,205	5,915,133	92.07%
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%

**Source:** Licking County Auditor and School District financial records

(1) Total debt applicable to limit excludes accreted interest on capital appreciation bonds.

Note: Ohio Bond Law sets a limit of 9% for voted debt and 1/10 of 1% for unvoted debt. House Bill 530 became effective on March 30, 2006, which excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

(a): On September 9, 2004, the District was determined to be a "special needs" district, meaning the District was permitted to exceed the voted debt limitation.

Voted Debt Margins are determined without reference to applicable monies in the District's debt service fund.

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

DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Personal Income (1)</u>	<u>Median Age (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rates (3)</u>		
						<u>Licking County</u>	<u>Ohio</u>	<u>United States</u>
2013	47,573	\$ 21,941	\$1,043,799,193	38.5	6,433	6.5%	7.2%	8.1%
2012	47,573	21,941	1,043,799,193	38.5	6,380	6.7%	7.2%	8.2%
2011	47,573	21,941	1,043,799,193	38.5	6,253	7.8%	9.1%	9.1%
2010	46,279	17,819	824,645,501	35.9	6,353	9.8%	10.4%	9.6%
2009	46,279	17,819	824,645,501	35.9	6,505	10.3%	11.1%	9.5%
2008	46,279	17,819	824,645,501	35.9	6,538	6.1%	6.6%	5.5%
2007	46,279	17,819	824,645,501	35.9	6,716	5.5%	5.5%	4.7%
2006	46,279	17,819	824,645,501	35.9	6,756	3.4%	5.1%	4.4%
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%

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

(2) School District records. School enrollment numbers for 2008-2011 have been revised from the previous CAFR.

(3) U.S. Bureau of Labor Statistics



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

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

**December 31, 2012**

<b>Employer</b>	<b>Nature of Business</b>	<b>Employees</b>	<b>Rank</b>
Licking Memorial Hospital	Hospital	1,700	1
State Farm Insurance	Insurance	1,499	2
Licking County Government	Government	1,101	3
Anomatic	Metal finishers	1,085	4
OSUN/COTC	Education	1,082	5
Newark City Schools	Education	1,079	6
Walmart	Retail	960	7
Meijer, Inc.	Retail	701	8
Owens Corning Fiberglass	Fiberglass insulation	550	9
City of Newark	Government	438	10
Total		10,195	
Total Employment within the City (1)		N/A	

**December 31, 2003**

<b>Employer</b>	<b>Nature of Business</b>	<b>Employees</b>	<b>Rank</b>
State Farm Insurance	Insurance	1,524	1
Licking Memorial Hospital	Hospital	1,338	2
Owens Corning Fiberglass	Fiberglass insulation	1,335	3
Newark City Schools	Education	1,292	4
Licking County Government	Government	1,166	5
Longaberger Corporation	Decorative baskets	1,146	6
OSUN/COTC	Education	1,000	7
Anomatic	Metal finishers	812	8
Holophane, Inc.	Lighting	629	9
City of Newark	Government	581	10
Total		10,823	
Total Employment within the City (1)		N/A	

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

**Source:** City of Newark Auditor's Office

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

STAFFING STATISTICS  
FULL TIME EQUIVALENTS (FTE) BY TYPE AND FUNCTION  
LAST TEN FISCAL YEARS

<b>Type</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Office - administrative	27.6	26.0	29.0	26.9
Professional - educational	425.2	425.6	430.5	429.8
Professional - other	26.7	27.7	27.8	23.7
Technical	41.4	42.9	32.4	28.0
Office - clerical	60.3	54.3	61.9	59.7
Craft & trade	9.3	8.3	9.3	9.3
Operative	26.8	23.2	24.5	30.2
Service worker/laborer	99.3	100.6	104.0	107.0
<b>Total</b>	<b>716.5</b>	<b>708.6</b>	<b>719.4</b>	<b>714.6</b>

<b>Function</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Instruction:</b>				
Regular	307.2	316.8	315.4	317.9
Special	95.8	94.9	94.3	95.6
Vocational	4.0	3.5	5.6	5.5
Other	3.0	3.0	2.5	2.5
<b>Support Services:</b>				
Pupil	43.3	44.4	47.2	41.8
Instructional staff	71.3	72.5	74.6	72.6
Administration	42.4	39.0	42.7	42.9
Fiscal	8.0	7.0	7.0	6.2
Business	6.0	5.0	5.5	5.5
Operations and maintenance	60.0	54.5	54.4	55.2
Pupil transportation	35.9	31.9	32.1	29.4
Central	3.0	2.0	2.0	3.4
<b>Other non-instructional services:</b>				
Food service operations	30.9	28.8	30.6	30.9
Other non-instructional	3.7	3.3	3.6	3.2
Extracurricular activities	2.0	2.0	2.0	2.0
<b>Total Governmental Activities</b>	<b>716.5</b>	<b>708.6</b>	<b>719.4</b>	<b>714.6</b>

**Source:** School District records

<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
30.0	31.0	33.1	32.0	33.0	39.0
438.0	429.9	484.2	480.2	506.4	520.4
26.3	25.1	24.7	22.2	23.8	20.8
32.7	29.9	40.4	38.8	35.8	22.9
57.5	59.1	61.9	63.3	69.7	77.5
10.0	10.0	11.0	11.0	12.0	12.0
22.1	21.6	33.5	35.1	33.8	30.8
110.7	114.2	118.4	118.6	113.8	114.6
<b>727.4</b>	<b>720.8</b>	<b>807.2</b>	<b>801.2</b>	<b>828.3</b>	<b>838.0</b>

<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
315.6	310.2	334.3	333.9	369.7	357.9
92.9	89.1	104.6	98.5	103.1	118.5
4.6	5.6	13.0	13.0	15.0	15.0
2.5	2.5	1.0	1.0	0.0	0.0
44.5	42.9	44.7	42.3	44.3	45.4
76.3	77.6	88.9	88.4	78.3	75.7
45.9	44.9	52.8	52.8	54.8	56.9
8.0	8.0	8.1	8.0	8.1	9.0
5.5	5.5	6.4	6.5	6.5	6.6
56.5	59.0	59.4	59.8	60.7	61.2
28.2	28.4	46.4	46.4	41.1	38.6
2.0	2.2	3.0	3.0	2.0	4.0
39.4	39.5	37.4	40.0	37.3	37.6
3.4	3.4	5.2	5.5	4.7	8.9
2.0	2.0	2.0	2.1	2.7	2.7
<b>727.4</b>	<b>720.8</b>	<b>807.2</b>	<b>801.2</b>	<b>828.3</b>	<b>838.0</b>

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

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

<b>Function</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Instruction:										
Regular and Special										
Enrollment (students)	6,433	6,380	6,035	6,069	6,464	6,538	6,716	6,756	6,868	6,978
Graduates	266	323	316	291	317	284	364	343	342	379
Support services:										
Board of education										
Regular meetings per year	12	11	11	12	11	11	12	11	11	12
Special meetings per year	4	11	12	8	25	12	8	12	12	12
Administration										
Student attendance rate	94.60%	94.70%	94.80%	94.40%	94.30%	94.20%	94.60%	94.50%	94.30%	94.30%
Fiscal										
Nonpayroll checks issued	2,896	3,050	3,384	3,247	3,232	3,273	3,835	4,433	4,724	4,903
Operations and maintenance										
Square footage maintained	967,081	876,945	842,928	826,982	853,829	853,829	796,774	796,774	844,297	844,297
Pupil transportation										
Avg. students transported daily	2,359	2,424	1,851	1,448	1,527	1,565	3,256	3,207	3,661	3,553
Food service operations										
Meals served to students	633,868	668,161	658,822	668,186	779,974	781,780	750,181	718,825	687,158	648,920

**Source:** School District records

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

**CAPITAL ASSET STATISTICS  
LAST TEN FISCAL YEARS**

	<u>2013</u>	<u>2012</u>	<u>2011 (1)</u>	<u>2010 (1)</u>	<u>2009 (1)</u>
Land	\$ 1,599,684	\$ 1,617,250	\$ 1,672,643	\$ 1,705,643	\$ 1,712,273
Land improvements	458,575	136,686	148,742	71,708	91,900
Buildings and improvements	138,758,171	52,900,901	54,649,612	3,905,946	4,410,773
Furniture, fixtures and equipment	755,154	835,305	921,553	940,765	1,288,726
Vehicles	1,484,290	1,171,338	1,339,398	1,274,370	1,306,073
Construction in progress	4,550,028	82,461,358	59,873,113	83,759,673	73,111,787
 Total Governmental Activities Capital Assets, net	 <u>\$ 147,605,902</u>	 <u>\$ 139,122,838</u>	 <u>\$ 118,605,061</u>	 <u>\$ 91,658,105</u>	 <u>\$ 81,921,532</u>

**Source:** School District financial records.

**Note:** Amounts above are presented net of accumulated depreciation.

**(1)** Amounts have been restated to capitalize construction manager fees previously expensed.

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 1,712,273	\$ 1,706,908	\$ 1,706,908	\$ 1,713,468	\$ 774,622
101,368	133,028	134,111	176,670	176,968
4,793,956	4,632,149	5,348,085	5,798,231	5,691,531
1,397,594	1,584,682	1,589,540	1,203,641	1,591,234
1,546,279	1,758,447	1,601,981	1,327,627	1,246,020
<u>60,286,787</u>	<u>44,520,724</u>	<u>9,494,295</u>	<u>382,680</u>	<u>12,084</u>
<u>\$ 69,838,257</u>	<u>\$ 54,335,938</u>	<u>\$ 19,874,920</u>	<u>\$ 10,602,317</u>	<u>\$ 9,492,459</u>

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

**SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS (A)**

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Ben Franklin Elementary (1954)							
Square feet	44,982	44,982	44,982	44,982	38,632	38,632	38,632
Capacity (students)	350	350	350	350	309	309	309
Enrollment	424	366	391	368	399	379	389
Carson Elementary (2008)							
Square feet	61,073	61,073	61,073	61,073	61,073	61,073	(8)
Capacity (students)	500	500	500	500	500	500	(8)
Enrollment	507	552	487	562	507	445	(8)
Cherry Valley Elementary (2008)							
Square feet	61,073	61,073	61,073	61,073	61,073	61,073	30,160
Capacity (students)	500	500	500	500	500	500	241
Enrollment	462	492	499	470	453	464	389
Conrad Elementary (1905)							
Square feet	(3)	(3)	(3)	(3)	(3)	(3)	28,875
Capacity (students)	(3)	(3)	(3)	(3)	(3)	(3)	231
Enrollment	(3)	(3)	(3)	(3)	(3)	(3)	269
Hazelwood Elementary (1910)							
Square feet	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Capacity (students)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Enrollment	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Hillview Elementary (2008)							
Square feet	61,073	61,073	61,073	61,073	61,073	61,073	(8)
Capacity (students)	500	500	500	500	500	500	(8)
Enrollment	472	502	449	456	449	473	(8)
John Clem Elementary (1958)							
Square feet	62,169	62,169	28,152	28,152	28,152	28,152	28,152
Capacity (students)	528	528	225	225	225	225	225
Enrollment	579	547	505	499	375	412	394
Kettering Elementary (1958)							
Square feet	(3)	(3)	(3)	(3)	(3)	(3)	17,021
Capacity (students)	(3)	(3)	(3)	(3)	(3)	(3)	136
Enrollment	(3)	(3)	(3)	(3)	(3)	(3)	304
Legend Elementary (2007)							
Square feet	61,073	61,073	61,073	61,073	61,073	61,073	(5)
Capacity (students)	500	500	500	500	500	500	(5)
Enrollment	556	585	544	545	415	388	(5)
Maholm Elementary (1954)							
Square feet	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Capacity (students)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Enrollment	(2)	(2)	(2)	(2)	(2)	(2)	(2)
McGuffey Elementary (1958)							
Square feet	62,367	32,562	32,562	32,562	32,562	32,562	32,562
Capacity (students)	472	260	260	260	260	260	260
Enrollment	497	517	467	473	372	389	360



<b>2006</b>	<b>2005</b>	<b>2004</b>
38,632	38,632	38,632
309	309	309
385	374	353
(8)	(8)	(8)
(8)	(8)	(8)
(8)	(8)	(8)
30,160	30,160	30,160
241	241	241
411	322	334
28,875	28,875	28,875
231	231	231
266	231	244
(1)	23,036	23,036
(1)	184	184
(1)	250	252
(8)	(8)	(8)
(8)	(8)	(8)
(8)	(8)	(8)
28,152	28,152	28,152
225	225	225
385	391	375
17,021	17,021	17,021
136	136	136
302	284	283
(5)	(5)	(5)
(5)	(5)	(5)
(5)	(5)	(5)
(2)	24,487	24,487
(2)	195	195
(2)	180	204
32,562	32,562	32,562
260	260	260
383	310	340

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

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

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Miller Elementary (1969)							
Square feet	(7)	(7)	(7)	(7)	33,197	33,197	33,197
Capacity (students)	(7)	(7)	(7)	(7)	265	265	265
Enrollment	(7)	(7)	(7)	(7)	383	398	436
North Elementary (1928)							
Square feet	(5)	(5)	(5)	(5)	(5)	(5)	36,784
Capacity (students)	(5)	(5)	(5)	(5)	(5)	(5)	294
Enrollment	(5)	(5)	(5)	(5)	(5)	(5)	478
West Main Intermediate (1925)							
Square feet	(3)	(3)	(3)	(3)	(3)	(3)	54,330
Capacity (students)	(3)	(3)	(3)	(3)	(3)	(3)	434
Enrollment	(3)	(3)	(3)	(3)	(3)	(3)	421
Central Intermediate (1940)							
Square feet	(3)	(3)	(3)	(3)	(3)	(3)	43,961
Capacity (students)	(3)	(3)	(3)	(3)	(3)	(3)	352
Enrollment	(3)	(3)	(3)	(3)	(3)	(3)	314
Heritage Middle School (2011)							
Square feet	72,905	72,905	72,905	56,959	56,959	56,959	56,959
Capacity (students)	500	500	500	455	455	455	455
Enrollment	510	472	436	427	444	434	391
Liberty Middle School (2008)							
Square feet	69,922	69,922	69,922	69,922	69,922	69,922	(8)
Capacity (students)	450	450	450	450	450	450	(8)
Enrollment	476	484	482	485	490	531	(8)
Roosevelt Middle School (1929)							
Square feet	(3)	(3)	(3)	(3)	(3)	(3)	58,453
Capacity (students)	(3)	(3)	(3)	(3)	(3)	(3)	387
Enrollment	(3)	(3)	(3)	(3)	(3)	(3)	322
Wilson Middle School (1929)							
Square feet	67,950	67,950	67,950	67,950	67,950	67,950	55,525
Capacity (students)	450	450	450	450	387	387	367
Enrollment	436	442	421	442	456	473	435
High School (1961)							
Square feet	302,094	241,763	241,763	241,763	241,763	241,763	241,763
Capacity (students)	1,523	1,447	1,447	1,447	1,447	1,447	1,447
Enrollment	1,514	1,421	1,572	1,626	1,762	1,752	1,814
Administrative Service Center							
Square feet	19,000	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	21,400

**Source:** School District records

**(A)** "Enrollment" figures revised from prior CAFR to match total student enrollment.

**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 the renovations are completed in August 2012.

(10) John Clem students were moved into Roosevelt Middle School during 2010. They returned in August 2011.

(11) Heritage moved to a new building in January 2011.

(12) High School renovations, demolition and additions started Summer 2010. This is a three year project.

<b>2006</b>	<b>2005</b>	<b>2004</b>
33,197	33,197	33,197
265	265	265
450	429	450
36,784	36,784	36,784
294	294	294
459	474	489
54,330	54,330	54,330
434	434	434
432	429	379
43,961	43,961	43,961
352	352	352
327	381	391
56,959	56,959	56,959
455	455	455
375	248	268
(8)	(8)	(8)
(8)	(8)	(8)
(8)	(8)	(8)
58,453	58,453	58,453
387	387	387
348	351	335
55,525	55,525	55,525
367	367	367
390	396	391
241,763	241,763	241,763
1,447	1,447	1,447
1,843	1,818	1,890
19,000	19,000	19,000
21,400	21,400	21,400

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

OPERATING STATISTICS  
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Governmental Funds</u>		<u>Governmental Activities</u>		<u>Enrollment (3)</u>	<u>Percent Change</u>
	<u>Expenditures (1)</u>	<u>Cost per pupil (3)</u>	<u>Expenses (2)</u>	<u>Cost per pupil (2),(3)</u>		
2013	\$ 78,215,338	\$ 12,158	\$ 69,720,787	\$ 10,838	6,433	0.83 %
2012	91,375,407	14,322	71,004,115	11,129	6,380	2.03 %
2011	95,437,325	15,263	67,921,375	10,862	6,253	(1.57) %
2010	77,485,426	12,197	63,439,705	9,986	6,353	(2.34) %
2009	74,943,086	11,521	62,941,493	9,676	6,505	(0.50) %
2008	76,468,106	11,696	60,797,798	9,299	6,538	(2.65) %
2007	98,508,497	14,668	64,208,245	9,560	6,716	(0.59) %
2006	73,515,461	10,882	64,069,619	9,483	6,756	(1.63) %
2005	62,696,035	9,129	61,547,420	8,961	6,868	(1.58) %
2004	58,024,935	8,315	58,908,927	8,442	6,978	0.07 %

**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) Interest and fiscal expenses have been excluded, as interest payments are not applied toward per pupil expenditures.  
Expenses and cost per pupil of governmental activities for previous years have been restated to conform to this presentation.  
Amounts for 2009-2011 have been restated to reflect the capitalization of construction manager fees that were previously expensed.
- (3) Amounts for 2008-2011 changed from prior CAFR due to revised enrollment figures for these years.

<b>Teaching Staff</b>	<b>Pupil/Teacher Ratio</b>	<b>Student Attendance Percentage</b>
425	15.14	94.60%
426	14.98	94.70%
431	14.51	94.80%
430	14.77	94.40%
408	15.94	94.30%
389	16.81	94.20%
428	15.69	94.60%
443	15.25	94.50%
493	13.93	94.30%
417	16.73	94.30%

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

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

For the year ended June 30, 2013

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Newark City School District  
Licking County  
621 Mount Vernon Road  
Newark, Ohio 43055

To the Board of Education

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Newark City School District, Licking County, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 9, 2013.

**Internal Control Over Financial Reporting**

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-001 described in the accompanying schedule of findings to be a material weakness.

**Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***District's Response to Finding***

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

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kennedy Cottrell Richards LLC*

Kennedy Cottrell Richards LLC

December 9, 2013

**Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Federal Program and on Internal Control Over  
Compliance Required by OMB Circular A-133**

Newark City School District  
Licking County  
621 Mount Vernon Road  
Newark, Ohio 43055

To the Board of Education:

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

We have audited the Newark City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal program.

***Management's Responsibility***

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect 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 our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

The District's basic financial statements include the operations of Newark Digital Academy and Par Excellence Academy, both of which are component units of the District. Newark Digital Academy and Par Excellence Academy received \$220,479 and \$95,362 and disbursed \$230,043 and \$91,779, respectively, in Federal awards during the fiscal year that are not included in the District's Federal Awards Receipts and Expenditures Schedule. Our audit of federal awards, described below, did not include the operations of Newark Digital Academy and Par Excellence Academy because these component units are legally separate from the District, and because they expended less than \$500,000 of Federal awards for the year ended June 30, 2013, they were not subject to OMB Circular A-133 audit requirements.

***Opinion on the Major Federal Program***

In our opinion, the Newark City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *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 federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

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

We have also audited the financial statements of the governmental activities, the discretely-presented component unit, 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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 9, 2013. We conducted our audit to opine on the District's basic financial statements. The accompanying federal awards receipts and expenditures schedule presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Kennedy Cottrell Richards LLC

December 9, 2013

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

<b>Federal Grantor Pass-Through Grantor/Program or Cluster Title</b>	<b>Grant Year(s)</b>	<b>CFDA Number</b>	<b>Federal Receipts</b>	<b>Federal Expenditures</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Cash Assistance:				
School Breakfast Program	2013	10.553	341,663	341,663
School Lunch Program	2013	10.555	1,479,040	1,479,040
Non-Cash Assistance:				
School Lunch Program	2013	10.555	107,651	107,651
<b>Total Child Nutrition Cluster</b>			<b>1,928,354</b>	<b>1,928,354</b>
School Snack Program	2013	10.558	10,641	10,641
Fresh Fruit and Vegetable Program	2013	10.582	8,090	8,090
<b>Total U.S. Department of Agriculture</b>			<b>1,947,085</b>	<b>1,947,085</b>
<b><u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u></b>				
<i>Passed through Mid-Ohio Regional Planning Commission:</i>				
ARRA - National Clean Diesel Emission Reduction Program	2013	66.039	51,860	51,860
<b>Total U.S. Environmental Protection Agency</b>			<b>51,860</b>	<b>51,860</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed through Ohio Department of Education:</i>				
Title I	2012/2013	84.010	2,311,372	2,450,211
Special Education Cluster				
Title VI-B - Special Education Grants to States	2012/2013	84.027	1,320,902	1,333,588
Early Childhood Special Education	2012/2013	84.173	36,846	36,848
<b>Total Special Education Cluster</b>			<b>1,357,748</b>	<b>1,370,436</b>
21st Century Grant	2012/2013	84.287	493,868	456,050
Title II-D Interactive Distance Learning	2013	84.318	1,627	1,625
Title II A	2012/2013	84.367	468,664	461,445
<b>Total U.S. Department of Education</b>			<b>4,633,279</b>	<b>4,739,767</b>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>				
Disaster Grants - Public Assistance	2013	97.036	13,500	13,500
<b>Total U.S. Department of Homeland Security</b>			<b>13,500</b>	<b>13,500</b>
<b>Total Federal Awards Receipts and Expenditures</b>			<b>6,645,724</b>	<b>6,752,212</b>

The accompanying notes are an integral part of this schedule.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The Federal Awards Receipts and Expenditures Schedule (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting. Information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**NOTE B - MATCHING REQUIREMENTS**

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the federally-funded programs. The District did not have any matching requirements during the audit period.

**NOTE C - CHILD NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

**NOTE D – SCHOOL LUNCH 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 (expenditure) is reported in the Schedule at the fair value of the commodities received as assessed by the U.S. Department of Agriculture (entitlement value).

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY**

**SCHEDULE OF FINDINGS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Was there any material weaknesses 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 noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Was there any material weaknesses 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 § .510(a) of Circular A-133?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster CFDA: 10.553, 10.555
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	Yes

NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY

SCHEDULE OF FINDINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

**2013-001 Financial Reporting**

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The presentation of materially correct financial statements and the related footnotes is the responsibility of management of the District. Independent auditors are not part of an entity's internal control structure and should not be relied upon by management to detect misstatements in the financial statements. Thus, it is important that management develop control procedures related to drafting financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and footnotes prior to audit.

During our audit, we identified misstatements in the District's financial statements related to recording contracts payable related to the District's building construction projects. We proposed an adjusting entry to the District and the material misstatements were subsequently corrected.

According to the District, although services were provided in fiscal year 2013, these payables were not recorded because they had not yet been approved for payment by the responsible officials. In accordance with generally accepted accounting principles, we recommend the District record payables in the period in which services were provided rather than the period in which corresponding invoices for services are approved for payment.

Official's Response:

The District made the adjustment as requested by the auditors before finalizing our fiscal year 2013 financial statements. Additionally, the District will take further steps to strengthen internal controls in this area

**3. FINDINGS FOR FEDERAL AWARDS**

None.



NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-01	Significant Deficiency – Financial Reporting	Corrected	

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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  
JANUARY 16, 2014**