

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

SUPPLEMENTAL REPORTS

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2005**

JULIE TAYLOR, TREASURER



**Auditor of State
Betty Montgomery**

Board of Education
Newark City School District
Newark, Ohio

We have reviewed the *Independent Auditor's Report* of the Newark City School District, Licking County, prepared by Julian & Grube, Inc., for the audit period July 1, 2004 through June 30, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

December 15, 2005

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

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Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Supplementary
Schedule of Receipts and Expenditures of Federal Awards**

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Newark City School District as of and for the fiscal year ended June 30, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Newark City School District's basic financial statements. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

Julian & Grube, Inc.

Julian & Grube, Inc.
November 15, 2005

NEWARK CITY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(E) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(E) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Nutrition Cluster:						
(A) (C) Food Donation	10.550	N/A	\$ -	\$ 194,203	\$ -	\$ 194,203
(A) (D) School Breakfast Program	10.553	044453-0SPU-2004	47,669	-	47,669	-
(A) (D) School Breakfast Program	10.553	044453-0SPU-2005	191,236	-	191,236	-
(A) (D) School Breakfast Program	10.553	044453-0SRE-2004	2,215	-	2,215	-
(A) (D) National School Lunch Program	10.555	044453-LLP4-2004	232,482	-	232,482	-
(A) (D) National School Lunch Program	10.555	044453-LLP4-2005	629,770	-	629,770	-
(A) (D) National School Lunch Program	10.555	044453-VGS1-2005	7,673	-	7,673	-
Total U.S. Department of Agriculture and Nutrition Cluster			1,111,045	194,203	1,111,045	194,203
U.S. DEPARTMENT OF LABOR PASSED THROUGH THE						
N/A						
(F) School to Work Administration	17.249	N/A	-	-	868	-
(G) School to Work Administration	17.249	N/A	-	-	28	-
Total U.S. Department of Labor and School to Work Administration			-	-	896	-
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE						
N/A						
Title I - Grants to Local Educational Agencies	84.010	044453-C1-S1-2004	288,777	-	299,683	-
Title I - Grants to Local Educational Agencies	84.010	044453-C1-S1-2005	2,067,042	-	1,969,527	-
Total Title I			2,355,819	-	2,269,210	-
Special Education Cluster:						
(B) Special Education - Grants to States	84.027	044453-6B-SD-2004-P	50,770	-	50,266	-
(B) Special Education - Grants to States	84.027	044453-6B-SF-2004-P	222,882	-	124,749	-
(B) Special Education - Grants to States	84.027	044453-6B-SF-2005-P	1,184,893	-	1,156,075	-
(B) Special Education - Grants to States	84.027	044453-6B-SD-2005-P	50,529	-	47,955	-
Total Special Education - Grants to States			1,509,074	-	1,379,045	-
(B) Special Education - Preschool Grants	84.173	044453-PG-D7-2004-P	-	-	1,722	-
(B) Special Education - Preschool Grants	84.173	044453-PG-S1-2004-P	4,284	-	5,671	-
(B) Special Education - Preschool Grants	84.173	044453-PG-S1-2005-P	32,785	-	29,940	-
Total Special Education - Preschool Grants			37,069	-	37,333	-
Total Special Education Cluster			1,546,143	-	1,416,378	-
Safe and Drug-Free Schools and Communities - National Programs	84.184C	044453-T4-S1-2004	6,631	-	5,540	-
Safe and Drug-Free Schools and Communities - National Programs	84.184C	044453-T4-S1-2004-P	1,165	-	156	-
Total Safe and Drug-Free Schools and Communities - National Programs			7,796	-	5,696	-
(H) Safe and Drug-Free Schools and Communities - State Grants	84.186	044453-DR-S1-2004	(2,038)	-	5,599	-
Safe and Drug-Free Schools and Communities - State Grants	84.186	044453-DR-S1-2005	51,116	-	39,938	-
Total Safe and Drug-Free Schools and Communities - State Grants			49,078	-	45,537	-
(I) State Grants for Innovative Programs	84.298	044453-C2-S1-2004	(7,014)	-	47	-
State Grants for Innovative Programs	84.298	044453-C2-S1-2005	50,865	-	47,890	-
Total State Grants for Innovative Programs			43,851	-	47,937	-
Education Technology State Grants	84.318	044453-TJ-S1-2004	4,149	-	12,617	-
Education Technology State Grants	84.318	044453-TJ-S1-2005	52,907	-	47,876	-
Total Education Technology State Grants			57,056	-	60,493	-
Advanced Placement Program	84.530	044453-AV-TP-2005	156	-	-	-
Comprehensive School Reform Demonstration	84.532	044453-AV-TP-2005	31,300	-	6,761	-
(J) Improving Teacher Quality - State Grants	84.367	044453-TR-S1-2004	(3,882)	-	44,780	-
Improving Teacher Quality - State Grants	84.367	044453-TR-S1-2005	441,481	-	553,307	-
Total Improving Teacher Quality - State Grants			437,599	-	598,087	-
Total U.S. Department of Education			4,528,798	-	4,450,099	-
U.S. DEPARTMENT OF HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES:						
Student Children Health Insurance Program	93.767	N/A	37,127	-	37,127	-
Medical Assistance Program	93.778	N/A	374,217	-	374,217	-
Total U.S. Department of Human Services			411,344	-	411,344	-
U.S. DEPARTMENT OF HOMELAND SECURITY PASSED THROUGH THE OHIO EMERGENCY MANAGEMENT AGENCY						
Public Assistance Grants	97.036	FEMA-1580-DR-89UQZWF	9,353	-	9,353	-
Total U.S. Department of Homeland Security			9,353	-	9,353	-
Total Federal Financial Assistance			\$ 6,060,540	\$ 194,203	\$ 5,982,737	\$ 194,203

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.
(B) Included as part of "Special Education Grant Cluster" in determining major programs.
(C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
(D) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
(E) This schedule was prepared on the cash basis of accounting.
(F) These funds were passed through the Franklin County Educational Service Center.
(G) These funds were passed through the Licking County Joint Vocational School.
(H) Amount of \$2,038 carried over to fiscal year 2005 grant based on Ohio Department of Education administrative action.
(I) Amount of \$7,014 carried over to fiscal year 2005 grant based on Ohio Department of Education administrative action.
(J) Amount of \$3,882 carried over to fiscal year 2005 grant based on Ohio Department of Education administrative action.



Julian & Grube, Inc.

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

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

We have audited the financial statements of the governmental activities, the aggregate 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 fiscal year ended June 30, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 15, 2005. As disclosed in Note 3 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Technical Bulletin No. 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers" for the fiscal year ended June 30, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Newark City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Board of Education
Newark City School District

Compliance and Other Matters

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

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
November 15, 2005



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Compliance With Requirements Applicable to
Each Major Federal Program and on Internal Control Over
Compliance in Accordance With *OMB Circular A-133***

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

Compliance

We have audited the compliance of Newark City School District (the “District”) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that are applicable to each of its major federal programs for the fiscal year ended June 30, 2005. As disclosed in Note 3 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Technical Bulletin No. 2004-2, “Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers” for the fiscal year ended June 30, 2005. Newark City School District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Newark City School District’s management. Our responsibility is to express an opinion on Newark City School District’s compliance based on our audit.

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

Board of Education
Newark City School District

In our opinion, Newark City School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2005.

Internal Control Over Compliance

The management of Newark City School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Newark City School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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



Julian & Grube, Inc.
November 15, 2005

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2005**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs:	Nutrition Cluster: Food Donation - CFDA #10.550; School Breakfast Program - CFDA #10.553; National School Lunch Program - CFDA #10.555; Improving Teacher Quality - State Grants - CFDA #84.367.
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2005**

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

OF THE

**NEWARK CITY
SCHOOL DISTRICT**

FOR THE

FISCAL YEAR ENDED JUNE 30, 2005

**PREPARED BY
TREASURER'S DEPARTMENT
JULIE L. TAYLOR, TREASURER**

85 EAST MAIN STREET

NEWARK, OHIO 43055

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NEWARK CITY SCHOOL DISTRICT
LICKING COUNTY, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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Administrative Service Center
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November 28, 2005

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

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

This CAFR is presented in three sections:

The Introductory Section, which contains a table of contents, this letter of transmittal, the Government Finance Officer's Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting, a list of principal officials, and the District's organizational chart.

The Financial Section, which includes the independent auditor's report, a management's discussion and analysis, the basic financial statements and notes, and combining statements and individual fund schedules which provide detailed information relative to the basic financial statements.

The Statistical Section, which presents social and economic data, financial trends and the fiscal capacity of the District.

This transmittal letter is designed to provide historical information about the District, as well as compliment the required Management's Discussion and Analysis (discussed below). Unless noted otherwise, the financial data in this transmittal letter is presented on the modified accrual basis of accounting. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The District's MD&A, which focuses on the government-wide statements, can be found on page 3 of the financial section of this report.

PROFILE OF THE SCHOOL DISTRICT

The City of Newark, the county seat of Licking County, is located approximately 33 miles east of Columbus in the central part of the state. The District serves an area of approximately 19 square miles and approximately 46,279 residents.

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

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

During the 2004-2005 school year, the District had approximately 6,858 (Fall 2004) students enrolled in sixteen community schools: Cherry Valley Elementary, Johnny Clem Elementary, Conrad Elementary, Ben Franklin Elementary, Hazelwood Elementary, Maholm Elementary, McGuffey Elementary, Miller Elementary, and North Elementary schools housing grades K through 4; Central Intermediate, Kettering Intermediate and West Main Intermediate schools housing grades 5 and 6; Lincoln Middle, Roosevelt Middle and Wilson Middle schools housing grades 7 and 8; and Newark High School housing grades 9 through 12 with 1,818 students.

THE REPORTING ENTITY

This report includes all funds of the District. 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, Par Excellence, Kairos Academy, Christian Fellowship Academy and 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.

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: Owens Corning Corporation, Licking County, Licking Memorial Hospital, Newark Board of Education and State Farm Insurance.

Newark area businesses continue to manufacture and distribute a wide variety of products. Foremost among these products are plastics, insulation, prefabricated homes, prismatic reflectors, wiping cloths, quartz and specialty products, asphalt, automotive products, bricks, chemicals, electronic equipment, truck axles and transmissions, anodized aluminum products, wood veneer, dairy products, concrete products and many other industrial specialty items.

The District had been impacted by the national recession in FY03 and FY04 regarding income tax. However, we were optimistic that we were finally turning the corner last year, and we experienced a 5.3% increase in collections of income tax. The first two quarterly installments of income tax revenue for FY06 is up 2.1% from the first two quarters of FY05.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Accomplishments for 2005

Financial

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

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

Instruction

The District achieved an Effective academic status on the State of Ohio's District Report Card.

Proficiency and Achievement Tests

State and federal law requires testing students in grades 3 - 8 and grade 10 in various subjects. The state is in the process of phasing out proficiency tests and phasing in achievement tests. For the 2005 - 2006 school year the following tests will be given:

3rd grade – reading and math achievement

4th grade – writing, reading and math achievement

5th grade – reading and math achievement

6th grade – reading and math achievement

7th grade – reading and math achievement

8th grade – reading and math achievement

10th grade – writing, reading, math, social studies, and science Ohio Graduation Tests (OGTs)

11th grade – 11th graders who have not passed one or more of the OGTs as 10th graders will have two opportunities during the 11th grade to take and pass the test(s) they failed

12th grade – 12th graders who have not passed the 9th grade proficiency test will take any tests they have not yet passed.

Passing all parts of the ninth grade proficiency test is a requirement for graduation from high school for current 12th graders. Passing all parts of the Ohio Graduation Test is a requirement for graduation from high school for all students who graduate in 2007 and thereafter. High school students are provided several opportunities each year to pass the ninth grade test and the Ohio Graduation Test in all five-subject areas. The percentage of students who have completed 10th grade and have passed the 9th grade proficiency test as of June 2005, is listed below.

Writing 82.2%

Reading 89.7%

Math 77.4%

Citizenship 71.4%

Science 74.0%

Initiatives for 2006

Financial

To receive the Certificate of Excellence in Financial Reporting from the GFOA for the District's 2005 CAFR.

To receive the Award for Outstanding Achievement in Popular Annual Financial Reporting from the GFOA for the 2005 Popular Annual Financial Report.

Instruction

To continue to emphasize literacy at all grade levels and to improve students' reading so that all students read at or above grade level.

To improve math achievement test scores, especially at the 6th, 7th, and 8th grade levels.

To maintain our Effective status and achieve more indicators on the State of Ohio's district report card.

To improve math and reading proficiency of all students with disabilities to meet or exceed the state of Ohio's Adequate Yearly Progress target.

To improve the graduation rate beyond its current 78.1% level and to eventually meet the goal of graduating 100% of our students.

FINANCIAL INFORMATION

Internal Controls

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

Financial Condition

This is the fourth year the District has prepared financial statements following GASB Statement No. 34. GASB No. 34 created new basic financial statements for reporting on the District's financial activities as follows:

Government-wide financial statements - These statements are prepared on a full accrual basis of accounting, which is similar to the basis of accounting followed by businesses. The government-wide statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. All of the District's activities are considered governmental activities.

Fund financial statements - These statements present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the government-wide financial statements. Fiduciary funds use the full accrual basis of accounting.

Statement of budgetary comparisons - These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this new reporting model, management is also responsible for preparing a management's discussion and analysis of the District. This discussion follows this letter of transmittal, providing an assessment of the District's finances for 2005 and the outlook for the future. Because that discussion focuses on the major fund, the financial highlights provided in this letter focus on certain non-major funds of the District.

Financial Highlights

Internal Service Fund - The only internal service fund of the District is the Employee Benefits Self-Insurance fund. The District uses this fund to account for its self-insurance dental program. This fund had net assets of \$85,360 at June 30, 2004, and had net assets of \$105,309 at June 30, 2005.

Fiduciary Funds - The fiduciary funds account for assets held by the District in a trustee capacity, or as an agent, for individuals, other district organizations or other funds. The District maintains two private purpose trust funds and one agency fund. The private purpose trust fund had net assets of \$55,616 at June 30, 2005. The agency fund had cash and cash equivalents held on-behalf of students in the amount of \$56,736 at June 30, 2005.

Risk Management

The types of insurance carried include: general liability, property loss, boiler and machinery coverage, and vehicle fleet liability, which are purchased from insurance companies licensed to do business in the State of Ohio.

Employees are provided traditional health care insurance that covers hospitalization and major medical expenses within specified limits through United HealthCare. Employees are also provided life and dental insurance benefits. The District manages dental benefits on a self-insured basis.

Independent Audit

Provisions of state statute require the District’s financial statements to be subjected to an annual examination by an independent auditor. The District has engaged Julian & Grube, Inc. to audit the District’s financial records. The auditor’s unqualified opinion is included herein. In addition to the financial audit, a single audit was performed as required by the Single Audit Act Amendment of 1996 and the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The single audit report is not included in this Comprehensive Annual Financial Report.

Awards

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, 2004.

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,



Keith Richards
Superintendent



Julie L. Taylor
Treasurer/CFO

NEWARK CITY SCHOOL DISTRICT
List of Principal Officials

Board of Education

Jeremy Blake	Board Member, President (1/1/02 – 12/31/05)
Robert Handelman	Board Member, Vice-President (1/1/04 – 12/31/07)
Michael Hendershot	Board Member (1/1/04 – 12/31/07)
Molly Ingold	Board Member (3/9/04 – 12/31/05)
Karen Kreager	Board Member (1/1/04 – 12/31/07)

Administration

Keith E. Richards	Superintendent – (Hired 8/1/02)
Julie Taylor	Treasurer – (Interim 6/20/05 - Hired 8/8/05)
Dan Montgomery	Asst. Superintendent – (Hired 9/1/03)
Cara Riddel	Director, Certificated Personnel/Human Resources (Hired 8/26/91)
David C. Altepeter	Director, Classified Personnel/Support Services (Hired 7/8/96)
Dana Herreman	Director of Curriculum – (Hired 9/1/77)
Bobbie Reaves	Asst. Director of Curriculum – (Hired 8/1/02)
Art Martin	Co-Director of Special Education – (Hired 9/2/80)
Mark Severance	Co-Director of Special Education – (Hired 7/31/92)
Beth Milligan	Director, Community Outreach – (Hired 7/6/98)

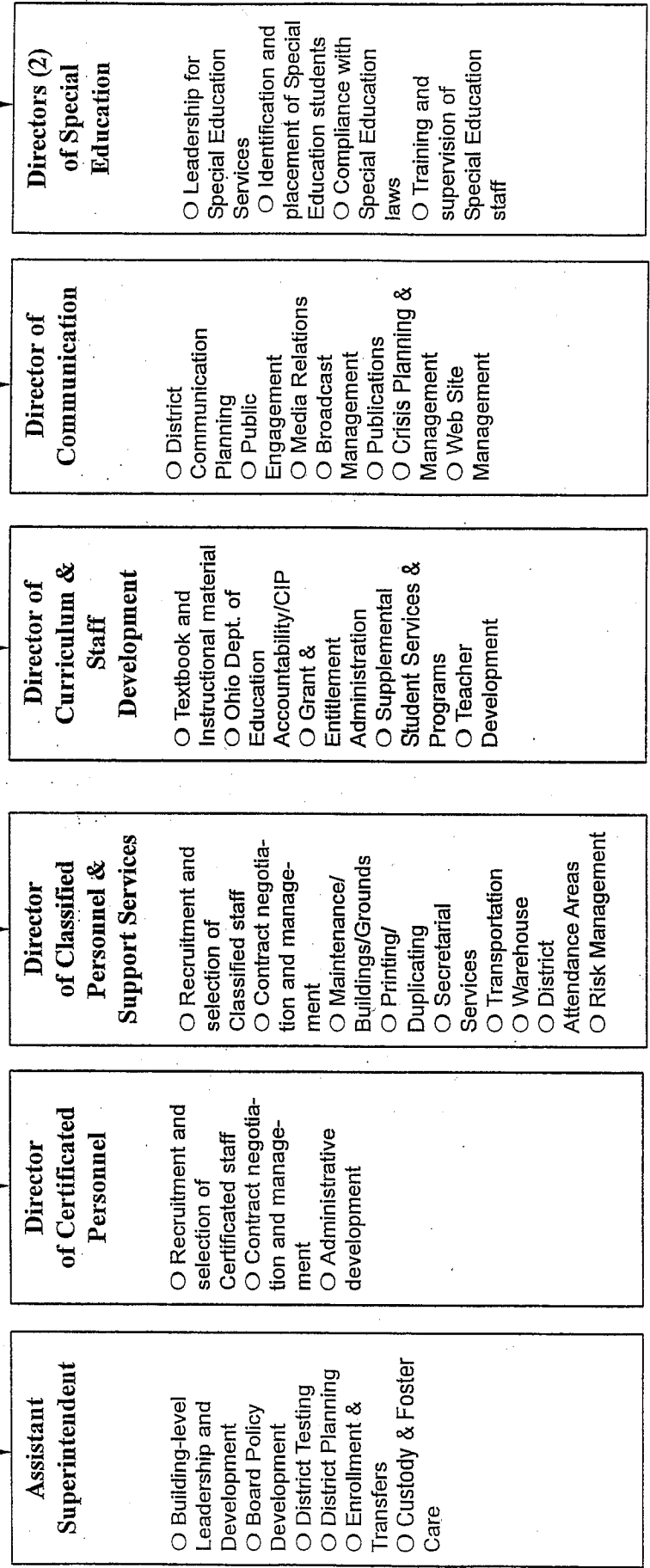
Board of Education

Superintendent

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

Treasurer

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



Assistant Superintendent

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

Director of Certified Personnel

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

Director of Classified Personnel & Support Services

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

Director of Curriculum & Staff Development

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

Director of Communication

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

Directors (2) of Special Education

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Newark City School District,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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



Nancy L. Zielke

President

Jeffrey R. Enos

Executive Director



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Newark City School District, Licking County, (the "District") as of and for the fiscal year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Newark City School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Newark City School District, Licking County, Ohio, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Independent Auditor's Report
Newark City School District

As disclosed in Note 3 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Technical Bulletin No. 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers" for the fiscal year ended June 30, 2005.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2005, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages F3 through F13 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Julian & Grube, Inc.
November 15, 2005

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
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, 2005. 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 2005 are as follows:

- In total, net assets of governmental activities decreased \$1,283,409 which represents a 7.27% decrease from 2004.
- General revenues accounted for \$51,914,895 in revenue or 84.54% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$9,491,255 or 15.46% of total revenues of \$61,406,150.
- The District had \$62,689,559 in expenses related to governmental activities; only \$9,491,255 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 \$51,914,895 were not adequate to provide for these programs.
- The District's major governmental funds include the general fund, debt service fund and building fund. The general fund had \$47,028,414 in revenues and \$50,787,749 in expenditures and other financing uses. During fiscal 2005, the general fund's fund balance decreased \$3,759,335 from \$12,184,859 (as restated – see note 3.A) to \$8,425,524.
- The debt service fund had \$3,683,736 in revenues and other financing sources and \$1,148,081 in expenditures. During fiscal year 2005, the debt service fund's fund balance increased by \$2,535,655 from \$285,205 to \$2,820,860.
- The building fund had \$50,454,682 in revenues and other financing sources and \$932,875 in expenditures. During fiscal year 2005, the building fund's fund balance increased from \$0 to \$49,521,807.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2005?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. The accrual basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the Governmental Activities include the District's programs and services, including instruction, support services, operation and maintenance, pupil transportation, extracurricular activities, operation of non-instructional services, and food service operations.

The Statement of Net Assets and the Statement of Activities can be found on pages F14 – F15 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 F10. Fund financial reports provide detailed information about the District's major fund. 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 fund. The District's major funds are the general fund, debt service fund and building 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* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages F16 – F19 and the budgetary statement for the general fund can be found on page F20.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
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 F21 – F23 of this report.

Fiduciary Funds

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages F24 and F25. 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 F26 – F53 of this report.

The District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole. A comparative analysis for government-wide financial statements using the full accrual basis of accounting is presented below.

	Governmental Activities	
	2005	2004
<u>Assets</u>		
Current assets	\$ 90,127,557	\$ 37,838,667
Capital assets, net	10,602,317	9,492,459
Total assets	100,729,874	47,331,126
<u>Liabilities</u>		
Current liabilities	25,141,953	20,805,922
Long-term liabilities	59,210,291	8,864,165
Total liabilities	84,352,244	29,670,087
<u>Net Assets</u>		
Invested in capital assets, net of related debt	9,955,146	9,152,844
Restricted	5,060,101	3,180,387
Unrestricted	1,362,383	5,327,808
Total net assets	\$ 16,377,630	\$ 17,661,039

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2005, the District's assets exceeded liabilities by \$16,377,630.

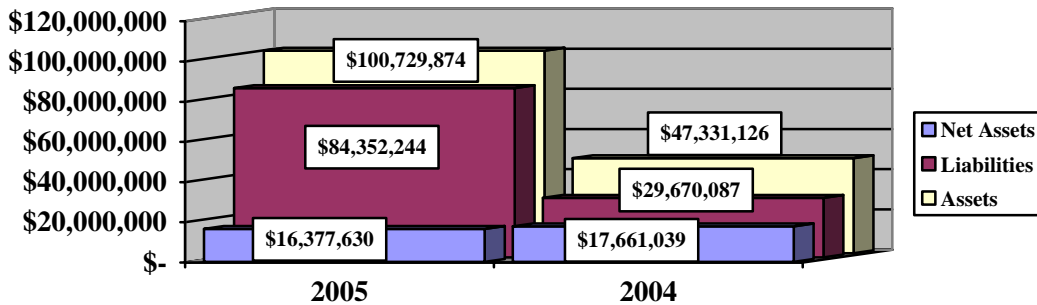
**NEWARK CITY SCHOOL DISTRICT
LICKING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED**

At year-end, capital assets represented 10.53% of total assets. Capital assets include land, land improvements, buildings and improvements, construction in progress, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2005, were \$9,955,146. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$5,060,101, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$1,362,383 may be used to meet the District's ongoing obligations to the students and creditors. The table below illustrates the District's assets, liabilities and net assets at June 30, 2005 and 2004.

Governmental Activities



The table below shows the changes in net assets for governmental activities for fiscal year 2005 compared to fiscal year 2004.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,875,567	\$ 1,902,437
Operating grants and contributions	7,615,688	6,657,984
Capital grants and contributions	-	134,475
General revenues:		
Property taxes	18,021,274	16,307,433
School district income taxes	6,954,810	6,675,694
Grants and entitlements	25,913,567	25,130,747
Investment earnings	983,403	274,759
Other	<u>41,841</u>	<u>124,922</u>
Total revenues	<u>61,406,150</u>	<u>57,208,451</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	28,662,755	26,376,443
Special	6,847,032	6,345,783
Vocational	1,089,735	1,182,704
Other	13,059	16,306
Support services:		
Pupil	2,847,301	2,968,230
Instructional staff	3,898,544	3,946,139
Board of Education	341,420	237,432
Administration	3,945,441	4,191,719
Fiscal	1,008,723	1,032,761
Business	523,402	527,942
Operations and maintenance	5,171,450	4,960,836
Pupil transportation	2,345,807	2,167,866
Central	881,931	780,036
Operation of non-instructional services	149,780	321,243
Food service operations	2,353,651	2,382,382
Extracurricular activities	900,135	899,861
Intergovernmental pass through	567,254	571,244
Interest and fiscal charges	<u>1,142,139</u>	<u>337,037</u>
Total expenses	<u>62,689,559</u>	<u>59,245,964</u>
Changes in net assets	(1,283,409)	(2,037,513)
Net assets at beginning of year	<u>17,661,039</u>	<u>19,698,552</u>
Net assets at end of year	<u>\$ 16,377,630</u>	<u>\$ 17,661,039</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED

Governmental Activities

Net assets of the District's governmental activities decreased \$1,283,409. Total governmental expenses of \$62,689,559 were offset by program revenues of \$9,491,255 and general revenues of \$51,914,895. Program revenues supported 15.14% of the total governmental expenses.

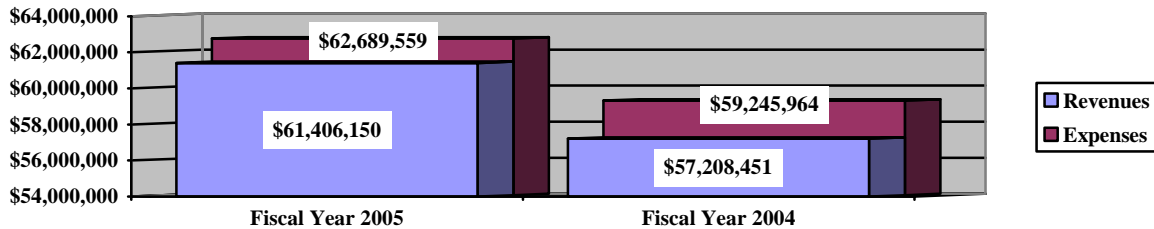
The primary sources of revenue for governmental activities are derived from property taxes, school district income taxes, and grants and entitlements. These three sources of revenue total \$50,889,651 and represent 82.87% of total governmental revenue. Real estate property is reappraised every six years. As a result of the latest reappraisal by Licking County in 1999, the District's tax valuation increased by 16.50% that year. With the increase in property valuation and the repeal of two property tax levies in 1998, the District is now operating at the 20 mill floor which is the state minimum required property tax funding for a school district's operations. Due to this, the District is able to receive the full advantage of property tax valuation increases.

Voters approved the school district income tax operating levy in November 1997. This levy, which generates approximately \$6.4 million per year for five years, is expected to provide revenue for general fund operating expenses. With the renewal of the income tax in November of 2002, the District should have adequate funds for its operations through at least fiscal year 2007.

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

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2005 and 2004.

Governmental Activities - Revenues and Expenses



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2005 compared to 2004. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

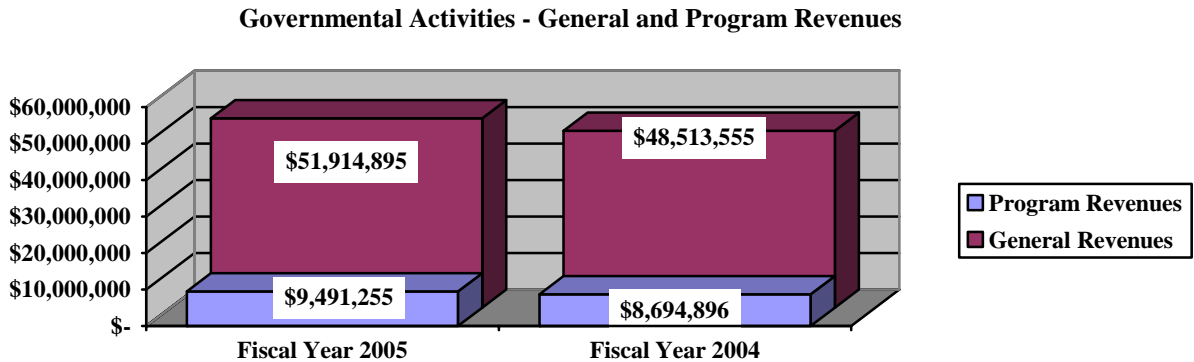
**NEWARK CITY SCHOOL DISTRICT
LICKING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED**

	Governmental Activities			
	Total Cost of	Net Cost of	Total Cost of	Net Cost of
	Services	Services	Services	Services
	2005	2005	2004	2004
Program expenses:				
Instruction:				
Regular	\$ 28,662,755	\$ 27,302,361	\$ 26,376,443	\$ 24,814,378
Special	6,847,032	4,275,825	6,345,783	4,220,808
Vocational	1,089,735	1,089,735	1,182,704	1,177,755
Other	13,059	13,059	16,306	16,306
Support services:				
Pupil	2,847,301	2,761,924	2,968,230	2,806,361
Instructional staff	3,898,544	2,659,188	3,946,139	2,956,463
Board of Education	341,420	341,420	237,432	237,432
Administration	3,945,441	3,660,389	4,191,719	3,911,782
Fiscal	1,008,723	969,013	1,032,761	989,780
Business	523,402	523,402	527,942	527,942
Operations and maintenance	5,171,450	5,117,575	4,960,836	4,913,270
Pupil transportation	2,345,807	2,295,647	2,167,866	2,107,993
Central	881,931	623,111	780,036	655,835
Operation of non-instructional services	149,780	(19,298)	321,243	(419,484)
Food service operations	2,353,651	(151,331)	2,382,382	81,205
Extracurricular activities	900,135	630,959	899,861	644,961
Intergovernmental pass through	567,254	(36,814)	571,244	571,244
Interest and fiscal charges	1,142,139	1,142,139	337,037	337,037
Total expenses	\$ 62,689,559	\$ 53,198,304	\$ 59,245,964	\$ 50,551,068

The dependence upon tax and other general revenues for governmental activities is apparent, 89.26% of instruction activities, which total \$36,612,581, are supported through taxes and other general revenues. For all governmental activities, general revenue support is 84.86%. The District's taxpayers, as a whole, are by far the primary support for the District's students.

The graph below presents the District's general and program revenues for fiscal years 2005 and 2004.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED

The District's Funds

The District's governmental funds (as presented on the balance sheet on page F16) reported a combined fund balance of \$63,008,691, which is greater than last year's total of \$14,528,275 (as restated see note 3.A). The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2005 and 2004.

	Fund Balance	Restated Fund Balance	Increase
	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>(Decrease)</u>
General	\$ 8,425,524	\$ 12,184,859	\$ (3,759,335)
Debt Service	2,820,860	285,205	2,535,655
Building	49,521,807	-	49,521,807
Other Governmental	<u>2,240,500</u>	<u>2,058,211</u>	<u>182,289</u>
Total	<u>\$ 63,008,691</u>	<u>\$ 14,528,275</u>	<u>\$48,480,416</u>

General Fund

The District's general fund balance decreased \$3,759,335. The decrease in fund balance can be attributed to the expenditure growth rate exceeding revenue growth. Specifically the District's budget is 85% personnel related. Over the past several years the District's health insurance plan has increased 9% annually. The District has begun to reduce positions through attrition with an eye towards minimal educational impact. The table that follows assists in illustrating the financial activities and fund balance of the general fund. Certain 2004 expenditure amounts have been restated (see Note 3.A in the notes to the financials).

	2005	Restated 2004	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Revenues</u>			
Taxes	\$ 20,607,877	\$ 21,072,555	(2.21) %
Tuition	314,139	377,784	(16.85) %
Earnings on investments	420,228	246,773	70.29 %
Intergovernmental	25,406,940	24,893,488	2.06 %
Other revenues	<u>268,530</u>	<u>335,955</u>	(20.07) %
Total	<u>\$ 47,017,714</u>	<u>\$ 46,926,555</u>	0.19 %
<u>Expenditures</u>			
Instruction	\$ 32,082,500	\$ 30,093,247	6.61 %
Support services	17,858,272	18,656,203	(4.28) %
Operation of non-instructional services	3,272	5,599	(41.56) %
Extracurricular activities	626,555	631,472	(0.78) %
Intergovernmental pass-through	-	2,326	(100.00) %
Debt service	<u>155,721</u>	<u>13,459</u>	1,057.00 %
Total	<u>\$ 50,726,320</u>	<u>\$ 49,402,306</u>	2.68 %

The most significant increase in revenues occurred in earnings on investments which were due to increases in interest rates and a significant increase in the District's investments due to the receipt of bonds which were invested.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED

Overall, total revenues remained consistent with the previous year. The most significant increase in general fund expenditures occurred in debt service payments, which is due to the office equipment lease payments being made from the general fund during fiscal year 2005 which were previously paid from the debt service fund. In total, the overall increase in expenditures was not significant in the general fund.

Debt Service Fund

The District's debt service fund balance increased \$2,535,655. The increase in fund balance was primarily due to a new bond issue which increased tax revenue during fiscal year 2005. The bond issue was passed for the purpose repayment of bonds issued for school facilities construction and renovation.

Building Fund

The District's building fund was created during fiscal year 2005 for accounting for the accumulation of funds for the renovation and construction of school facilities. The bonds issued during the year were receipted into the building fund and expenditures related to the renovation and construction projects will be recorded in this fund.

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 2005, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues and other financing sources were \$46,492,272, which approximates the original budgeted revenues and other financing sources estimate of \$45,319,775. Actual revenues and other financing sources for fiscal 2005 were \$47,845,847. Actual revenues and other financing sources were \$1,353,575 above final budgeted revenues. This is primarily due to intergovernmental estimates in the original and final budgeted amounts.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$51,146,540 were increased to \$52,121,977 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2005 totaled \$51,664,701, which was \$457,276 less than the final budget appropriations. The increases in appropriations were caused by the District's health insurance rates increasing at a pace greater than estimated, larger expenses associated with excess costs paid to other districts educating Newark students and increased expenses to charter schools caused by additional students leaving Newark for charter schools.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2005, the District had \$10,602,317 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 2005 balances compared to 2004:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED

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

	Governmental Activities	
	2005	2004
Land	\$ 1,713,468	\$ 774,622
Land improvements	176,670	176,968
Building and improvements	5,798,231	5,691,531
Furniture and equipment	1,203,641	1,591,234
Vehicles	1,327,627	1,246,020
Construction in progress	382,680	12,084
Total	<u>\$ 10,602,317</u>	<u>\$ 9,492,459</u>

Total additions to capital assets for 2005 were \$3,638,821, and total disposals were \$364,525 (net of accumulated depreciation). Depreciation recorded for the fiscal year totaled \$2,164,438. The overall increase in capital assets of \$1,109,858 is primarily due to the District's acquisition of \$938,846 in land during fiscal 2005 in preparation for the construction of new buildings.

See Note 8 to the basic financial statements for further details on the District's capital assets.

Debt Administration

At June 30, 2005, the District had \$56,231,826 in general obligation bonds and \$141,349 in capital lease obligations outstanding. Of this total, \$1,668,175 is due within one year and \$54,705,000 is due within greater than one year. The following table summarizes the bonds and lease obligations outstanding at June 30, 2005 and 2004.

Outstanding Debt, at Year End

	Governmental	Governmental
	Activities	Activities
	2005	2004
General obligation bonds:		
Library improvement	\$ 6,231,826	\$ 6,289,928
School improvement	50,000,000	-
Capital lease obligations	141,349	339,615
Total	<u>\$ 56,373,175</u>	<u>\$ 6,629,543</u>

In 1998, the District passed a 0.81 mill tax levy, providing for facility improvements and additions to the District's public library. The general obligation bonds are scheduled to mature in fiscal year 2023 and bear an interest rate of 5.15%. Payment of principal and interest on the library improvement bonds is being made from the debt service fund.

During fiscal year 2004 the District passed a 5.9 mill tax levy for a bond issue of \$50,000,000 which will be used for the construction and renovation of school facilities. The bonds mature in fiscal year 2033 and have interest rates varying from 3% to 4.375%.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED**

At June 30, 2005, the District's overall legal debt margin was \$14,101,747 with an unvoted debt margin of \$750,141. The District maintains an A-1 bond rating.

See Note 10 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, will provide the District with the necessary funds to meet its operating expenses in fiscal year 2005 and fiscal year 2006. The District cash balance will be depleted by the end of fiscal year 2006. The future financial stability of the District is not without challenges.

The first challenge facing the District is fluctuating enrollment. In the past, three-year averaging of enrollment was employed in the state school funding formula to temper drastic declines in state revenue. Any decline in enrollment will result in immediate reductions in state funding.

Another challenge facing the District is the future of state funding. The State of Ohio currently is experiencing budget problems as the growth of expenditures is far exceeding the growth in revenues. With the state's budget difficulties, the District is unable to determine what effect this will have on its future state funding and on its financial operations.

In conclusion, the District for the short term is in good shape but if revenues do not begin to increase the District will need to look at ways to correct this problem. The District expects to be on the ballot next fall for additional operating funds.

Contacting the District's Financial Management

This financial report is designed to provide our citizen's taxpayers, and 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 Ms. Julie Taylor, Treasurer at Newark City School District, 85 East Main Street, Newark, Ohio 43055.

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**BASIC
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS
JUNE 30, 2005

	Primary Government Governmental Activities	Component Unit Newark Digital Academy
Assets:		
Equity in pooled cash and cash equivalents.	\$ 32,971,060	\$ 79,562
Investments	31,743,597	-
Receivables:		
Property taxes	21,057,629	-
School district income taxes	2,524,473	-
Accounts	66,774	-
Intergovernmental	1,525,757	-
Accrued interest	191,362	-
Prepayments	33,193	126
Materials and supplies inventory	13,712	-
Capital assets:		
Land and construction-in-progress.	2,096,148	-
Depreciable capital assets, net	8,506,169	73,482
Total capital assets, net	10,602,317	73,482
 Total assets.	 100,729,874	 153,170
 Liabilities:		
Accounts payable.	377,586	38,063
Contracts payable.	313,321	-
Accrued wages and benefits	4,910,314	3,272
Pension obligation payable.	1,403,837	-
Intergovernmental payable	277,376	6,194
Deferred revenue	17,687,453	-
Accrued interest payable	110,939	-
Claims payable	61,127	-
Long-term liabilities:		
Due within one year.	2,131,899	-
Due in more than one year	57,078,392	-
 Total liabilities	 84,352,244	 47,529
 Net Assets:		
Invested in capital assets, net		
of related debt.	9,955,146	73,482
Restricted for:		
Capital projects	1,014,419	-
Debt service.	2,468,273	-
Locally funded progams.	76,200	-
State funded progams	158,547	-
Federally funded progams.	909,936	-
Student activities.	84,697	-
Public school support	83,604	-
Other purposes	264,425	-
Unrestricted.	1,362,383	32,159
 Total net assets.	 \$ 16,377,630	 \$ 105,641

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, 2005

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	Component Unit
		Charges for Services and Sales	Operating Grants and Contributions	Primary Government	Newark Digital Academy
				Governmental Activities	
Governmental activities:					
Instruction:					
Regular	\$ 28,662,755	\$ 435,994	\$ 924,400	\$ (27,302,361)	\$ -
Special	6,847,032	-	2,571,207	(4,275,825)	-
Vocational	1,089,735	-	-	(1,089,735)	-
Other	13,059	-	-	(13,059)	-
Support services:					
Pupil	2,847,301	-	85,377	(2,761,924)	-
Instructional staff	3,898,544	-	1,239,356	(2,659,188)	-
Board of education	341,420	-	-	(341,420)	-
Administration	3,945,441	-	285,052	(3,660,389)	-
Fiscal	1,008,723	22,764	16,946	(969,013)	-
Business	523,402	-	-	(523,402)	-
Operations and maintenance	5,171,450	-	53,875	(5,117,575)	-
Pupil transportation	2,345,807	36,234	13,926	(2,295,647)	-
Central	881,931	-	258,820	(623,111)	-
Operation of non-instructional services					
	149,780	40,739	128,339	19,298	-
Food service operations	2,353,651	1,115,521	1,389,461	151,331	-
Extracurricular activities	900,135	224,315	44,861	(630,959)	-
Intergovernmental pass through	567,254	-	604,068	36,814	-
Interest and fiscal charges	1,142,139	-	-	(1,142,139)	-
Totals	<u>\$ 62,689,559</u>	<u>\$ 1,875,567</u>	<u>\$ 7,615,688</u>	<u>(53,198,304)</u>	<u>-</u>
Component Unit:					
Newark Digital Academy	\$ 475,060	\$ -	\$ 118,000	-	(357,060)
Total component unit	<u>\$ 475,060</u>	<u>\$ -</u>	<u>\$ 118,000</u>	<u>-</u>	<u>(357,060)</u>
General Revenues:					
Property taxes levied for:					
General purposes				13,508,764	-
Debt service				3,109,628	-
Capital outlay				1,402,882	-
School district income taxes				6,954,810	-
Grants and entitlements not restricted to specific programs				25,913,567	411,770
Investment earnings				983,403	450
Miscellaneous				41,841	-
Total general revenues				<u>51,914,895</u>	<u>412,220</u>
Change in net assets				(1,283,409)	55,160
Net assets at beginning of year				<u>17,661,039</u>	<u>50,481</u>
Net assets at end of year				<u>\$ 16,377,630</u>	<u>\$ 105,641</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents	\$ 10,163,400	\$ 2,255,600	\$ 18,058,736	\$ 2,062,463	\$ 32,540,199
Investments	-	-	31,743,597	-	31,743,597
Receivables:					
Property taxes	14,635,683	4,881,961	-	1,539,985	21,057,629
School district income tax	2,524,473	-	-	-	2,524,473
Accounts	63,253	-	-	3,521	66,774
Intergovernmental	-	-	-	1,525,757	1,525,757
Accrued interest	47,834	-	143,528	-	191,362
Interfund loans	155,361	-	-	-	155,361
Prepayments	33,028	-	-	165	33,193
Materials and supplies inventory	-	-	-	13,712	13,712
Restricted assets:					
Equity in pooled cash and cash equivalents	264,425	-	-	-	264,425
Total assets	<u>\$ 27,887,457</u>	<u>\$ 7,137,561</u>	<u>\$ 49,945,861</u>	<u>\$ 5,145,603</u>	<u>\$ 90,116,482</u>
Liabilities:					
Accounts payable	\$ 223,481	\$ -	\$ -	\$ 154,105	\$ 377,586
Contracts payable	-	-	313,321	-	313,321
Accrued wages and benefits	4,654,347	-	-	255,967	4,910,314
Compensated absences payable	263,686	-	-	-	263,686
Pension obligation payable.	1,144,593	-	-	259,244	1,403,837
Intergovernmental payable	254,750	1,812	-	20,814	277,376
Interfund loan payable	-	-	-	155,361	155,361
Deferred revenue	12,921,076	4,314,889	110,733	2,059,612	19,406,310
Total liabilities	<u>19,461,933</u>	<u>4,316,701</u>	<u>424,054</u>	<u>2,905,103</u>	<u>27,107,791</u>
Fund Balances:					
Reserved for encumbrances	325,126	-	4,389,442	722,232	5,436,800
Reserved for debt service	-	2,294,660	-	-	2,294,660
Reserved for BWC refunds.	264,425	-	-	-	264,425
Reserved for materials and supplies inventory.	-	-	-	13,712	13,712
Reserved for property tax unavailable for appropriation	1,631,300	526,200	-	167,500	2,325,000
Reserved for prepayments	33,028	-	-	165	33,193
Unreserved:					
Designated for budget stabilization.	669,981	-	-	-	669,981
Undesignated, reported in:					
General fund	5,501,664	-	-	-	5,501,664
Special revenue funds.	-	-	-	1,112,823	1,112,823
Capital projects funds.	-	-	45,132,365	224,068	45,356,433
Total fund balances	<u>8,425,524</u>	<u>2,820,860</u>	<u>49,521,807</u>	<u>2,240,500</u>	<u>63,008,691</u>
Total liabilities and fund balances	<u>\$ 27,887,457</u>	<u>\$ 7,137,561</u>	<u>\$ 49,945,861</u>	<u>\$ 5,145,603</u>	<u>\$ 90,116,482</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2005

Total governmental fund balances		\$ 63,008,691
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		10,602,317
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 980,820	
Intergovernmental revenue	539,478	
Accrued interest	147,425	
Accounts	51,134	
Total		1,718,857
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 in the statement of net assets.		105,309
Unamortized premiums on bond issuance is not recognized in the funds.		(456,293)
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.		(110,939)
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	56,231,826	
Compensated absences	2,117,137	
Capital lease obligation	141,349	
Total		(58,490,312)
Net assets of governmental activities		\$ 16,377,630

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, 2005

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources:					
Taxes	\$ 20,607,877	\$ 2,923,292	\$ -	\$ 1,419,559	\$ 24,950,728
Tuition.	314,139	-	-	-	314,139
Transportation fees	36,234	-	-	-	36,234
Charges for services	-	-	-	1,119,220	1,119,220
Earnings on investments.	420,228	-	454,682	14,456	889,366
Extracurricular.	284	-	-	265,054	265,338
Classroom materials and fees	123,699	-	-	-	123,699
Other local revenues.	108,313	-	-	144,258	252,571
Other revenue.	-	-	-	31,630	31,630
Intergovernmental - state	24,995,596	298,620	-	2,022,041	27,316,257
Intergovernmental - federal	411,344	-	-	6,329,671	6,741,015
Total revenues.	<u>47,017,714</u>	<u>3,221,912</u>	<u>454,682</u>	<u>11,345,889</u>	<u>62,040,197</u>
Expenditures:					
Current:					
Instruction:					
Regular	26,580,690	-	-	1,484,483	28,065,173
Special.	4,428,691	-	-	2,492,416	6,921,107
Vocational.	1,060,060	-	-	104	1,060,164
Other	13,059	-	-	-	13,059
Support Services:					
Pupil.	2,717,128	-	-	115,303	2,832,431
Instructional staff	2,595,641	-	-	1,203,560	3,799,201
Board of education	341,420	-	-	-	341,420
Administration	3,494,907	-	-	291,076	3,785,983
Fiscal	903,189	40,338	-	69,632	1,013,159
Business.	516,902	-	-	1,516	518,418
Operations and maintenance	4,602,966	-	-	150,572	4,753,538
Pupil transportation	2,094,643	-	-	322,069	2,416,712
Central.	591,476	-	-	265,419	856,895
Operation of non-instructional services . .	3,272	-	-	207,799	211,071
Food service operation.	-	-	-	2,265,445	2,265,445
Extracurricular activities	626,555	-	-	247,395	873,950
Intergovernmental pass through	-	-	-	567,254	567,254
Facilities acquisition and construction. . .	-	-	932,875	1,468,180	2,401,055
Debt service:					
Principal retirement	145,456	58,102	-	52,810	256,368
Interest and fiscal charges	10,265	1,049,641	-	1,927	1,061,833
Total expenditures	<u>50,726,320</u>	<u>1,148,081</u>	<u>932,875</u>	<u>11,206,960</u>	<u>64,014,236</u>
Excess of revenues over (under) expenditures	<u>(3,708,606)</u>	<u>2,073,831</u>	<u>(478,193)</u>	<u>138,929</u>	<u>(1,974,039)</u>
Other financing sources (uses):					
Transfers in	-	-	-	61,429	61,429
Transfers (out)	(61,429)	-	-	-	(61,429)
Bond issuance	-	-	50,000,000	-	50,000,000
Premium on bond issuance	-	461,824	-	-	461,824
Sale of capital assets	10,700	-	-	-	10,700
Total other financing sources (uses)	<u>(50,729)</u>	<u>461,824</u>	<u>50,000,000</u>	<u>61,429</u>	<u>50,472,524</u>
Net change in fund balances	<u>(3,759,335)</u>	<u>2,535,655</u>	<u>49,521,807</u>	<u>200,358</u>	<u>48,498,485</u>
Fund balances at beginning of year (restated)					
	12,184,859	285,205	-	2,058,211	14,528,275
Decrease in reserve for inventory					
	-	-	-	(18,069)	(18,069)
Fund balances at end of year	<u>\$ 8,425,524</u>	<u>\$ 2,820,860</u>	<u>\$ 49,521,807</u>	<u>\$ 2,240,500</u>	<u>\$ 63,008,691</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Net change in fund balances - total governmental funds \$ 48,498,485

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

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

Capital asset additions	\$ 3,638,821	
Current year depreciation	(2,164,438)	
Total		1,474,383

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (364,525)

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

Delinquent property taxes	25,356	
Intergovernmental	(733,468)	
Accrued interest	94,037	
Accounts receivable	(19,972)	
Total		(634,047)

Governmental funds report expenditures for inventory when purchased. However, in the statement of activities they are reported as an expense when consumed. (18,069)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement net assets. 256,368

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expenses when due. Additional interest is reported on the statement of activities due to the following items:

Increase in accrued interest	(85,837)	
Unamortized premium on bonds	(456,293)	
Total		(542,130)

The issuance of general obligation bonds are recorded as revenue in the funds, however, on the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net assets. (50,000,000)

Some expenses reported in the statement of activities do not require the use of financial resources and therefore are not reported as expenditures in governmental funds. 26,177

Internal service fund for self- insurance is not reported in the expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. 19,949

Change in net assets of governmental activities \$ (1,283,409)

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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Taxes	\$ 20,094,357	\$ 20,429,410	\$ 21,046,047	\$ 616,637
Tuition	307,951	369,388	322,536	(46,852)
Transportation fees	33,166	57,901	34,737	(23,164)
Earnings on investments	398,110	290,461	416,965	126,504
Extracurricular	271	250	284	34
Classroom materials and fees.	118,044	121,959	123,635	1,676
Other local revenue.	109,825	119,929	115,026	(4,903)
Intergovernmental-state	23,865,308	24,661,933	24,995,596	333,663
Intergovernmental-federal	392,743	298,302	411,344	113,042
Total revenues	<u>45,319,775</u>	<u>46,349,533</u>	<u>47,466,170</u>	<u>1,116,637</u>
Expenditures:				
Salaries and wages	33,776,378	33,360,136	33,350,885	9,251
Fringe benefits	10,130,790	10,067,455	9,772,961	294,494
Purchased services	4,320,890	5,210,395	5,204,452	5,943
Supplies and materials	2,071,469	2,527,089	2,337,965	189,124
Capital outlay	54,498	55,228	40,256	14,972
Other	632,590	606,874	492,263	114,611
Intergovernmental.	2,000	31,800	587	31,213
Debt service.	157,925	156,000	155,721	279
Total expenditures	<u>51,146,540</u>	<u>52,014,977</u>	<u>51,355,090</u>	<u>659,887</u>
Excess of revenues over (under) expenditures	<u>(5,826,765)</u>	<u>(5,665,444)</u>	<u>(3,888,920)</u>	<u>1,776,524</u>
Other financing sources (uses):				
Refund of prior year expenditures	-	42,569	11,889	(30,680)
Sale of capital assets	-	-	10,700	10,700
Other miscellaneous use of funds	-	(5,000)	(4,958)	42
Transfer in	-	52,187	72,864	20,677
Transfers (out)	-	(52,000)	(134,292)	(82,292)
Advances in	-	47,983	284,224	236,241
Advances (out).	-	(50,000)	(170,361)	(120,361)
Total other financing sources (uses)	<u>-</u>	<u>35,739</u>	<u>70,066</u>	<u>34,327</u>
Net change in fund balance.	(5,826,765)	(5,629,705)	(3,818,854)	1,810,851
Fund balance at beginning of year	13,064,253	13,064,253	13,064,253	-
Prior year encumbrances appropriated	634,782	634,782	634,782	-
Fund balance at end of year	<u>\$ 7,872,270</u>	<u>\$ 8,069,330</u>	<u>\$ 9,880,181</u>	<u>\$ 1,810,851</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2005

	<u>Governmental Activities - Internal Service Fund</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 166,436
Total assets.	<u>166,436</u>
Liabilities:	
Claims payable	<u>61,127</u>
Total liabilities	<u>61,127</u>
Net assets:	
Unrestricted.	<u>105,309</u>
Total net assets	<u><u>\$ 105,309</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services.	\$ 523,658
Total operating revenues	<u>523,658</u>
Operating expenses:	
Purchased services.	37,981
Claims	<u>465,728</u>
Total operating expenses	<u>503,709</u>
Operating income and change in net assets.	19,949
Net assets at beginning of year	<u>85,360</u>
Net assets at end of year.	<u><u>\$ 105,309</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, 2005

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash receipts from charges for services	\$ 523,658
Cash payments for purchased services	(37,981)
Cash payments for claims	<u>(467,660)</u>
Net cash provided by operating activities	18,017
Cash and cash equivalents at beginning of year . . .	<u>148,419</u>
Cash and cash equivalents at end of year	<u><u>\$ 166,436</u></u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 19,949
Changes in assets and liabilities: Decrease in claims payable.	<u>(1,932)</u>
Net cash provided by operating activities	<u><u>\$ 18,017</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2005

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 55,616	\$ 56,736
Total assets.	<u>55,616</u>	<u>\$ 56,736</u>
Liabilities:		
Due to students	-	\$ 56,736
Total liabilities	<u>-</u>	<u>\$ 56,736</u>
Net Assets:		
Held in trust for scholarships	<u>55,616</u>	
Total net assets	<u>\$ 55,616</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 1,097
Gifts and contributions.	1,000
	2,097
Total additions.	2,097
Deductions:	
Scholarships awarded	2,880
	(783)
Change in net assets	(783)
Net assets at beginning of year	56,399
Net assets at end of year	\$ 55,616

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the District's twenty-eight instructional/support facilities (eleven buildings at a campus-style high school), one administrative building, and one transportation/maintenance/warehouse building compound all staffed by 404 non-certified employees, 567 certified employees and 38 administrators, to provide services to approximately 6,868 students in grades K through 12. The District ranks as the 42nd largest by total enrollment among the 614 public school districts in the state.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and to its proprietary fund provided they do not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. 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, preschool 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 organizations' government 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 to organizations' resources; (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. Based upon the application of these criteria, the District has one component unit. The basic financial statements of the reporting entity include only those of the District (the primary government). The following organizations are described due to their relationship to the District:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

DISCRETELY PRESENTED COMPONENT UNIT

The Newark Digital Academy (the "Digital Academy") is a legally separate, non-profit corporation established pursuant to Ohio Revised Code Chapters 3314 and 3314.03. The Digital Academy is a new 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 Digital Academy is governed by a Board of Trustees. The Digital Academy Board of Trustees may adopt budgets, hire and fire employees, and receive funding from the Ohio Department of Education. The District is able to impose its will upon the operations for the Digital Academy, therefore, the financial activity of the Digital Academy are presented as a discretely presented component unit of the District. Separately issued financial statements can be obtained from the Treasurer of the Digital Academy at 85 East Main Street, Newark, Ohio 43055.

Information in the following notes to the basic financial statements is applicable to the primary government. Information relative to the component unit can be found in the separately issued financial statements.

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 to LACA in the amount of \$374,595 were made from the general fund to LACA during the current fiscal year.

Licking County Joint Vocational School (JVS)

The JVS is a distinct political subdivision of the State of Ohio, which provides vocational education for students. The JVS 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 JVS possesses its own budgeting and taxing authority.

PUBLIC ENTITY RISK POOL

Workers' Compensation Group Rating Program

The District participates in the Ohio Association of School Business Officials (OASBO)/ Sheakley UniServe Workers' Compensation Group Rating Program (GRP). The GRP is sponsored by OASBO and 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

Ohio Schools Risk Sharing Authority

The District participates in the Ohio Schools Risk Sharing Authority (OSRSA), an insurance purchasing pool. The OSRSA is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSRSA is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the OSRSA to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. Madison Collins-Stephens Insurance is the sales and marketing representative, which establishes agreements between OSRSA and member schools.

RELATED ORGANIZATIONS

Newark Public Library (the "Library")

The Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. A Board of Trustees appointed by the District's Board of Education governs the Library. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the District for operational subsidies. Although the District serves as the taxing authority and may issue tax-related debt on behalf of the Library, its role is limited to an ministerial function. 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. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund - The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt Service Fund - This fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest and certain long-term obligations from governmental resources when the government is obligated in some manner for payment. It is also used to account for the accumulation of resources and payment of general obligation bonds and library bonds payable.

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**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds; (b) for grants and other resources whose use is restricted to a particular purpose; and (c) food service operations.

PROPRIETARY FUNDS

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal Service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's dental self-insurance internal service fund is charges for services. Operating expenses for 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

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 17). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair 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.

E. Budgets

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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 express 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 Licking County Budget Commission for rate determination.

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 Commissions' Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, 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 any 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.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. In the budgetary statement, the amounts reported as the original budgeted amounts represent the first appropriations passed by the Board during the fiscal year and the amounts reported as the final budgeted amounts represent the final appropriations passed by the Board during the fiscal year.

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, 2005**

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

During fiscal year 2005, investments were limited to overnight repurchase agreements, federal agency securities, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements, are reported at cost.

The District has invested funds in STAR Ohio during fiscal 2005. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2005.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. 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 2005 amounted to \$420,228, which includes \$157,409 assigned from other District funds.

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

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

G. Inventory

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

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

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

H. Capital Assets

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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

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

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

I. Interfund Balances

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

J. Compensated Absences

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

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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, claims and judgments, compensated absences, and contractually required pension contributions 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, 2005**

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

L. Fund Balance Reserves and Designations

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

M. Net Assets

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

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

N. Prepayments

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

O. Estimates

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

P. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include the amount required by state statute to be set-aside for Bureau of Workers' Compensation (BWC) refunds. See Note 18 for details.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

Q. Interfund Activity

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

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

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

On government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds.

On the governmental fund financial statements, bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 10. A.

S. Nonpublic Schools

Within the boundaries of the District, Saint Francis Elementary, Blessed Sacrament Elementary, and Newark Catholic High School are operated through the Columbus Catholic Diocese; Par Excellence and Montessori 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/private schools. These transactions are reported in a nonmajor governmental fund of the District.

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2005.

NOTE 3 - ACCOUNTING PRINCIPLES AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2005, the District has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures" and GASB Technical Bulletin 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers".

GASB Statement No. 40 establishes and modified disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modified disclosure requirements for custodial credit risk on deposits.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 3 - ACCOUNTING PRINCIPLES AND COMPLIANCE - (Continued)

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment benefit (OPEB) plans.

The implementation of GASB Statement No. 40 did not have an effect on the financial statements of the District, however additional note disclosure can be found in Note 4. The implementation of GASB Technical Bulletin No. 2004-2 had the following effect on the fund balances of the major and non-major governmental funds of the District as they were previously reported as of June 30, 2004:

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balances, June 30, 2004	\$ 12,780,267	\$ 285,205	\$ 2,353,715	\$ 15,419,187
GASB Technical Bulletin No. 2004-2	(595,408)	-	(295,504)	(890,912)
Restated Fund Balance, June 30, 2004	<u>\$ 12,184,859</u>	<u>\$ 285,205</u>	<u>\$ 2,058,211</u>	<u>\$ 14,528,275</u>

B. Deficit Fund Balances

Fund balances at June 30, 2005 included the following individual fund deficits:

	<u>Deficit</u>
<u>Nonmajor Funds</u>	
EMIS	\$ 5,538
DPIA	14,348
Student Intervention	22,652
Alternative Schools	13,044

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim moneys 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Protection of 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.

Interim monies to 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 division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR 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.

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
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At year-end, the District had \$4,012 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, 2005, the carrying amount of all District deposits was \$22,422,823. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2005, \$21,206,932 of the District's bank balance of \$21,706,932 was exposed to custodial risk as discussed below, while \$500,000 was covered by Federal Deposit Insurance Corporation.

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.

C. Investments

As of June 30, 2005, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>
STAR Ohio	\$ 2,744,965	\$ 2,744,965	\$ -	\$ -
FHLMC Discount Note	28,751,610	25,802,305	2,949,305	-
FHLB	3,937,403	997,643	984,089	1,955,671
FNMA Discount Note	991,880	991,880	-	-
Commercial paper	4,991,576	4,991,576	-	-
FFCP	982,740	-	-	982,740
	<u>\$ 42,400,174</u>	<u>\$ 35,528,369</u>	<u>\$ 3,933,394</u>	<u>\$ 2,938,411</u>

The weighted average maturity of investments is .30 years.

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 federal agency securities were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The District's investment in commercial paper has been rated A-1+ by Standard & Poor's. Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2005:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
STAR Ohio	\$ 2,744,965	6.47
FHLMC	28,751,610	67.81
FNMA	991,880	2.34
FHLB	3,937,403	9.29
FFCP	982,740	2.32
Commercial paper	<u>4,991,576</u>	<u>11.77</u>
	<u>\$ 42,400,174</u>	<u>100.00</u>

D. Reconciliation of Cash and Investment to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2005:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 22,422,823
Investments	42,400,174
Cash on hand	<u>4,012</u>
Total	<u>\$ 64,827,009</u>
<u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 64,714,657
Private-purpose trust funds	55,616
Agency funds	<u>56,736</u>
Total	<u>\$ 64,827,009</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2005 as reported on the fund statements consist of the following individual interfund loans receivable and payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Management Information Systems (special revenue fund)	\$ 25,000
General	Ohio Reads (special revenue fund)	8,535
General	E-Rate (special revenue fund)	10,000
General	Title II-A (special revenue fund)	<u>111,826</u>
Total		<u>\$ 155,361</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at fiscal year-end are reported on the statement of net assets.

- B.** Interfund transfers for the year ended June 30, 2005, consisted of the following, as reported on the fund financial statements:

Transfers to Nonmajor Governmental funds from:

General fund	\$ 61,429
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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.

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the District. Property tax revenue received during calendar 2005 for real and public utility property taxes represents collections of calendar 2004 taxes. Property tax payments received during calendar 2005 for tangible personal property (other than public utility property) are for calendar 2004 taxes.

2005 real property taxes are levied after April 1, 2004, on the assessed value listed as of the prior January 1, 2004 the lien date. Assessed values are established by state law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true values; public utility real property is assessed at thirty-five percent of true value. 2005 public utility property taxes became a lien December 31, 2003, are levied after April 1, 2004 and are collected in 2005 with real property taxes.

2005 tangible personal property taxes are levied after April 1, 2005, on the values as of December 31, 2004. Collections are made in 2005. Tangible personal property assessments are twenty-five percent of true value.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 6 - PROPERTY TAXES - (Continued)

The full tax rate for District operations for the year ended June 30, 2005, was \$39.29 per \$1,000.00 of assessed value. The assessed values of real and tangible personal property for tax year 2005 are as follows:

	2004 Second		2005 First	
	Half Collections		Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Real property	\$ 652,575,730	87.44	\$ 663,274,280	88.42
Public utility personal	27,644,720	3.70	28,615,340	3.81
Tangible personal property	<u>66,104,880</u>	<u>8.86</u>	<u>58,251,640</u>	<u>7.77</u>
Total assessed valuation	<u>\$ 746,325,330</u>	<u>100.00</u>	<u>\$ 750,141,260</u>	<u>100.00</u>

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. This year, the June 2005 tangible personal property tax settlement was not received until July of 2005.

The Licking County Treasurer collects property tax on behalf of the District. The Licking County Auditor periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivables represent delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable as of June 30, 2005. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue. The late settlement and the amount available as an advance at June 30 are recognized as revenue.

The amount available as an advance at June 30, 2005, was \$2,325,000 and is recognized as revenue. \$1,631,300 was available to the general fund, \$526,200 was available to the Debt Service fund and \$167,500 was available to the nonmajor governmental funds. The amount that was available for advance at June 30, 2004 was \$2,176,500 to the general fund, \$77,500 to the Debt Service fund and \$226,000 to the nonmajor governmental funds.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 7 - RECEIVABLES

Receivables at June 30, 2005 consisted of property taxes, income taxes, accounts (billings for user charged services and student fees), accrued interest, intergovernmental grants and entitlements. 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 assets follows:

Governmental Activities:

Property taxes	\$ 21,057,629
School district income tax	2,524,473
Accounts	66,774
Intergovernmental	1,525,757
Accrued interest	<u>191,362</u>
Total	<u>\$ 25,365,995</u>

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

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

	<u>Balance 6/30/04</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 06/30/05</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 774,622	\$ 938,846	\$ -	\$ 1,713,468
Construction-in-progress	<u>12,084</u>	<u>382,680</u>	<u>(12,084)</u>	<u>382,680</u>
Non-depreciable capital assets	<u>786,706</u>	<u>1,321,526</u>	<u>(12,084)</u>	<u>2,096,148</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	338,975	123,142	(21,930)	440,187
Building/improvements	23,268,160	1,054,705	(77,042)	24,245,823
Furniture/equipment	3,122,364	198,876	(428,317)	2,892,923
Vehicles	<u>3,016,426</u>	<u>952,656</u>	<u>(105,392)</u>	<u>3,863,690</u>
Depreciable capital assets	<u>29,745,925</u>	<u>2,329,379</u>	<u>(632,681)</u>	<u>31,442,623</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(162,007)	(103,520)	2,010	(263,517)
Building/improvements	(17,576,629)	(929,693)	58,730	(18,447,592)
Furniture/equipment	(1,531,130)	(285,482)	127,330	(1,689,282)
Vehicles	<u>(1,770,406)</u>	<u>(845,743)</u>	<u>80,086</u>	<u>(2,536,063)</u>
Total accumulated depreciation	<u>(21,040,172)</u>	<u>(2,164,438)</u>	<u>268,156</u>	<u>(22,936,454)</u>
Governmental activities capital assets, net	<u>\$ 9,492,459</u>	<u>\$ 1,486,467</u>	<u>\$(376,609)</u>	<u>\$ 10,602,317</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 817,880
Special	5,746
Vocational	31,081
<u>Support Services:</u>	
Pupil	31,301
Instructional staff	115,561
Administration	58,450
Fiscal	2,832
Business	2,344
Operations and maintenance	106,180
Pupil transportation	858,984
Central	23,233
Non-instructional services	19,357
Extracurricular activities	22,981
Food service operations	<u>68,508</u>
Total depreciation expense	<u><u>\$2,164,438</u></u>

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years, the District entered into a capitalized lease for copier equipment and for the acquisition of exercise equipment.

These lease agreements met the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the financial statements for the governmental funds.

Capital assets consisting of office equipment and exercise equipment have been capitalized in the amount of \$841,466. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2005 totaled \$198,266; \$145,456 in the general fund and \$52,810 in a nonmajor governmental fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2005:

<u>Fiscal Year Ending June 30,</u>	<u>Copier</u>	<u>Exercise Equipment</u>	<u>Total</u>
2006	<u>116,791</u>	<u>27,369</u>	<u>144,160</u>
Total minimum lease payments	116,791	27,369	144,160
Less: amount representing interest	<u>(2,538)</u>	<u>(273)</u>	<u>(2,811)</u>
Total	<u><u>\$ 114,253</u></u>	<u><u>\$ 27,096</u></u>	<u><u>\$ 141,349</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 10 - LONG-TERM OBLIGATIONS

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

	<u>Interest Rate</u>	<u>Balance Outstanding 06/30/04</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Outstanding 06/30/05</u>	<u>Amounts Due in One Year</u>
Governmental Activities:						
<u>General Obligation Bonds:</u>						
Library improvements bonds	5.15%	\$ 6,289,928	\$ -	\$ (58,102)	\$ 6,231,826	\$ 46,826
School improvement bonds	3%-4.375%	-	50,000,000	-	50,000,000	1,480,000
Total general obligation bonds payable		<u>\$ 6,289,928</u>	<u>\$ 50,000,000</u>	<u>\$ (58,102)</u>	<u>\$ 56,231,826</u>	<u>\$ 1,526,826</u>
<u>Other Long-Term Obligations:</u>						
Capital lease obligation		\$ 339,615	\$ -	\$ (198,266)	\$ 141,349	\$ 141,349
Compensated absences		<u>2,234,622</u>	<u>715,867</u>	<u>(569,666)</u>	<u>2,380,823</u>	<u>463,724</u>
Total other long-term obligations		<u>\$ 2,574,237</u>	<u>\$ 715,867</u>	<u>\$ (767,932)</u>	<u>\$ 2,522,172</u>	<u>\$ 605,073</u>
Total governmental activities		<u>\$ 8,864,165</u>	<u>\$ 50,715,867</u>	<u>\$ (826,034)</u>	<u>\$ 58,753,998</u>	<u>\$ 2,131,899</u>
Unamortized premium on bonds					<u>456,293</u>	
Total on statement of net assets					<u>\$ 59,210,291</u>	

Library Improvement Bonds: The District issued Library improvement bonds on March 26, 1998, on behalf of the district public library. These bonds will be retired from the debt service fund with revenue generated from a 0.81 mill tax levy. This issue is comprised of both current interest bonds, par value \$7,465,000, and capital appreciation bonds, par value \$480,000. The interest rates on the current interest bonds range from 3.60% to 5.00%. The capital appreciation bonds mature on December 1, 2005. The capital appreciation bonds have effective interest rates of 22.40% and 22.45% and mature at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. At maturity, the difference between the principal received and the par value of the capital appreciation bonds is reported as interest expense.

School Improvement Bonds: The District issued 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 are for the purpose of constructing, renovating, remodeling, furnishing, equipping and otherwise improving school facilities and clearing and improving their sites.

Compensated Absences: Compensated absences will be paid from the fund from which the employee's salaries are paid.

Capital Lease Obligation: The capital lease obligation will be paid from the general and capital projects funds. See Note 9 for details.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

B. Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2005, are as follows:

Year Ended	Library Improvement Bonds			School Improvement Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2006	\$ 46,826	\$ 494,391	\$ 541,217	\$ 1,480,000	\$ 2,037,894	\$ 3,517,894
2007	245,000	295,705	540,705	1,060,000	1,999,794	3,059,794
2008	255,000	284,391	539,391	1,090,000	1,967,544	3,057,544
2009	270,000	272,447	542,447	1,125,000	1,934,319	3,059,319
2010	280,000	259,865	539,865	1,155,000	1,900,119	3,055,119
2011 - 2015	1,605,000	1,082,681	2,687,681	6,370,000	8,889,388	15,259,388
2016 - 2020	2,045,000	636,782	2,681,782	7,720,000	7,488,280	15,208,280
2021 - 2025	1,485,000	113,875	1,598,875	9,580,000	5,578,200	15,158,200
2026 - 2030	-	-	-	11,945,000	3,171,875	15,116,875
2031 - 2033	-	-	-	8,475,000	566,672	9,041,672
Total	\$ 6,231,826	\$ 3,440,137	\$ 9,671,963	\$ 50,000,000	\$ 35,534,085	\$ 85,534,085

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 effects of these debt limitations at June 30, 2005 are a voted debt margin of \$14,101,747 (including available funds of \$2,820,860) and an unvoted debt margin of \$750,141.

NOTE 11 - 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 both certificated and classified employees. An employee receiving such payment must meet the retirement provisions set by STRS and SERS.

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 employees under contract for thirty-five hours or more per week, \$20,000 for classified employees under contract for twenty to thirty-four hours per week, and \$10,000 for employees working less than twenty hours per week.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 11 - OTHER EMPLOYEE BENEFITS - (Continued)

C. Retirement Incentive

The District offers a one-time retirement bonus in the amount of \$500 to all certified employees who provide the District with their notice of retirement by March 1 and complete the balance of the school year. The retirement notification bonus is payable upon completion of service through the last work day of the school year.

NOTE 12 - 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 2005, the District maintained comprehensive insurance coverage for liability, violence, real property, building contents and vehicles. The District obtains insurance coverage through the Ohio Schools Risk Sharing Authority (See Note 2.A.). Vehicle policies include liability coverage for bodily injury and property damage. The following is a description of the District's insurance coverage:

Building and Contents - Replacement Cost	\$90,000,000
Automobile Liability	46,917
General Liability:	41,867
Per occurrence	3,000,000
Total per year	224,713
Employer's Liability	15,741

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from last year.

B. Group Health and Dental Insurance

Health, life, dental and other group insurance is offered to employees as a fringe benefit. The District provides medical and life coverage for its employees on a fully insured basis and dental insurance on a self-insurance basis. Employer and employee contributions to premium are determined by negotiated agreements with employee labor unions. Currently, for classified employees, single and family health and dental coverage is 75% Board-paid and 25% employee paid. 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.

While all benefit plans, with the exception of dental insurance, are traditionally-funded through common carriers, the Board's group health plan contains provisions for discounted amounts to be remitted to the carrier during the year (90% of the carrier-established premium for fiscal 2003), contingent upon the group's claims experience for the year. While the District has not retained risk for any claims, should the group's claim costs for the year exceed the threshold of the discounted amount remitted to the carrier during the year, the District must remit additional premium, to a maximum of the difference between the discounted premium and the full premium.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 12 - RISK MANAGEMENT - (Continued)

All funds of the District participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services).

The claims liability of \$61,127 reported in the basic financial statements at June 30, 2005, 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>
2004 - 2005	\$ 63,059	\$ 465,728	\$ (467,660)	\$ 61,127
2003 - 2004	39,366	443,843	(420,150)	63,059

C. Workers' Compensation Rating Program

For fiscal year 2005, the District participated in the OASBO/Sheakley UniServe Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of their tiered group. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniServe provides administrative, cost control and actuarial services to the GRP.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability 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. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, or by calling (614) 222-5853.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% 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 2005, 10.57% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004, and 2003 were \$1,065,429, \$1,014,370 and \$980,728, respectively; 45.41% has been contributed for fiscal year 2005 and 100% for the fiscal years 2004 and 2003. \$581,628 represents the unpaid contribution for fiscal year 2005 and is recorded as a liability within the respective funds.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (614) 227-4090, or by visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% 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 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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. 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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% 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 years 2005 and 2004, 13% of annual covered salary was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The District's required contributions for pension obligations to the DB plan for the fiscal years ended June 30, 2005, 2004, and 2003 were \$4,157,759, \$3,927,459, and \$3,572,474, respectively; 84.23% has been contributed for fiscal year 2005 and 100% for the fiscal years 2004 and 2003. \$655,690 represents the unpaid contribution for fiscal year 2005 and is recorded as a liability within the respective funds. Contributions to the DC and Combined Plans for fiscal 2005 were \$55,733 made by the District and \$88,717 made by plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/STRS. As of June 30, 2005, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by state statute. Both STRS and SERS are funded on a pay-as-you-go-basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For fiscal year 2005, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. For the District, this amount equaled \$296,983 during fiscal 2005.

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was \$3.1 billion at June 30, 2004 (the latest information available). For the fiscal year ended June 30, 2004 (the latest information available), net health care costs paid by STRS were \$268.739 million and STRS had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply.

For fiscal year 2005, employer contributions to fund health care benefits were 3.43% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay has been established at \$27,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

The target level for the health care reserve is 150% of annual health care expenses, before premium deduction. Gross expenses for health care at June 30, 2004 (the latest information available) were \$223.444 million and the target level was \$335.2 million. At June 30, 2004, (the latest information available) SERS had net assets available for payment of health care benefits of \$300.8 million and SERS had approximately 62,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$961,838 during the 2005 fiscal year.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

The Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures 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 a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

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

Net Change in Fund Balance	<u>General Fund</u>
Budget basis	\$ (3,818,854)
Net adjustment for revenue accruals	(448,456)
Net adjustment for expenditure accruals	85,036
Net adjustment for other sources/uses	(120,795)
Adjustment for encumbrances	<u>543,734</u>
GAAP basis	<u>\$ (3,759,335)</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 16 - 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 a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and spending projects. The District management is of the opinion that disposition of the claim and legal proceedings will not have a material effect, if any, on the financial condition of the District.

C. State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the state's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...". The District is currently unable to determine what effect, if any, this decision will have on its future state funding and its financial operations.

NOTE 17 - INCOME TAXES

The District levies a voted tax of one percent for general operation on the income of residents and of estates. The tax was effective on January 1, 1998, and was renewed for another five years in 2003 through 2008. 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.

NOTE 18 - STATUTORY RESERVES

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2005, the reserve activity was as follows:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

NOTE 18 - STATUTORY RESERVES - (Continued)

	Textbooks/ Instructional <u>Materials</u>	Capital <u>Acquisition</u>	<u>Budget Stabilization</u>	
			<u>Designated</u>	<u>Reserved</u>
Set-aside cash balance as of June 30, 2004	\$ 54,081	\$ -	\$ 669,981	\$ 264,425
Current year set-aside requirement	961,488	961,488	-	-
Current year offsets	-	(51,482,059)	-	-
Qualifying disbursements	<u>(1,616,361)</u>	<u>(1,626,506)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ (600,792)</u>	<u>\$ (52,147,077)</u>	<u>\$ 669,981</u>	<u>\$ 264,425</u>
Balance carried forward to FY 2006	<u>\$ (600,792)</u>	<u>\$ (51,482,059)</u>	<u>\$ 669,981</u>	<u>\$ 264,425</u>

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

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

A schedule of the governmental fund restricted assets at June 30, 2005 follows:

Amount restricted for BWC refunds	<u>\$ 264,425</u>
Total restricted assets	<u>\$ 264,425</u>

COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

SUPPLEMENTAL INFORMATION

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

MAJOR FUNDS

General Fund

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

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

Debt Service Fund

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

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**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Debt Service				
Total Revenues and Other Sources	\$ 523,233	\$ 544,817	\$ 3,199,678	\$ 2,654,861
Total Expenditures and Other Uses	<u>550,220</u>	<u>1,160,000</u>	<u>1,146,524</u>	<u>13,476</u>
Net Change in Fund Balances	(26,987)	(615,183)	2,053,154	2,668,337
Fund balance at beginning of year	<u>202,446</u>	<u>202,446</u>	<u>202,446</u>	<u>-</u>
Fund balance at end of year	<u>\$ 175,459</u>	<u>\$ (412,737)</u>	<u>\$ 2,255,600</u>	<u>\$ 2,668,337</u>
Building Fund				
Total Revenues and Other Sources	\$ -	\$ -	\$ 50,383,853	\$ 50,383,853
Total Expenditures and Other Uses	<u>-</u>	<u>-</u>	<u>5,322,317</u>	<u>(5,322,317)</u>
Net Change in Fund Balances	-	-	45,061,536	45,061,536
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,061,536</u>	<u>\$ 45,061,536</u>

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents.	\$ 1,435,936	\$ 626,527	\$ 2,062,463
Receivables:			
Property taxes	-	1,539,985	1,539,985
Accounts.	3,521	-	3,521
Intergovernmental	1,525,757	-	1,525,757
Prepayments.	165	-	165
Materials and supplies inventory	13,712	-	13,712
Total assets.	<u>\$ 2,979,091</u>	<u>\$ 2,166,512</u>	<u>\$ 5,145,603</u>
Liabilities:			
Accounts payable.	\$ 147,611	\$ 6,494	\$ 154,105
Accrued wages and benefits	255,967	-	255,967
Pension obligation payable.	259,244	-	259,244
Intergovernmental payable	20,020	794	20,814
Interfund loan payable	155,361	-	155,361
Deferred revenue.	705,032	1,354,580	2,059,612
Total liabilities.	<u>1,543,235</u>	<u>1,361,868</u>	<u>2,905,103</u>
Fund balances:			
Reserved for encumbrances	309,156	413,076	722,232
Reserved for materials and supplies inventory	13,712	-	13,712
Reserved for property tax unavailable for appropriation	-	167,500	167,500
Reserved for prepayments	165	-	165
Unreserved, undesignated, reported in:			
Special revenue funds	1,112,823	-	1,112,823
Capital projects funds	-	224,068	224,068
Total fund balances	<u>1,435,856</u>	<u>804,644</u>	<u>2,240,500</u>
Total liabilities and fund balances	<u>\$ 2,979,091</u>	<u>\$ 2,166,512</u>	<u>\$ 5,145,603</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, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
From local sources:			
Taxes	\$ -	\$ 1,419,559	\$ 1,419,559
Charges for services	1,119,220	-	1,119,220
Earnings on investments	14,456	-	14,456
Extracurricular	265,054	-	265,054
Other local revenues	144,258	-	144,258
Other revenues.	31,630	-	31,630
Intergovernmental - state	1,814,034	208,007	2,022,041
Intergovernmental - federal	6,329,671	-	6,329,671
Total revenues	9,718,323	1,627,566	11,345,889
Expenditures:			
Current:			
Instruction:			
Regular.	1,087,209	397,274	1,484,483
Special	2,480,707	11,709	2,492,416
Vocational	1	103	104
Support services:			
Pupil	108,267	7,036	115,303
Instructional staff.	1,174,927	28,633	1,203,560
Administration	270,085	20,991	291,076
Fiscal.	43,397	26,235	69,632
Business	-	1,516	1,516
Operations and maintenance	56,039	94,533	150,572
Pupil transportation	11,120	310,949	322,069
Central	264,219	1,200	265,419
Operation of non-instructional services	207,799	-	207,799
Food service operation	2,265,445	-	2,265,445
Extracurricular activities.	247,395	-	247,395
Intergovernmental pass through	567,254	-	567,254
Facilities acquisition and construction.	1,016	1,467,164	1,468,180
Debt service:			
Principal retirement	-	52,810	52,810
Interest and fiscal charges	-	1,927	1,927
Total expenditures	8,784,880	2,422,080	11,206,960
Excess of revenues over (under) expenditures	933,443	(794,514)	138,929
Other financing sources:			
Transfers in.	61,429	-	61,429
Total other financing sources	61,429	-	61,429
Net change in fund balances.	994,872	(794,514)	200,358
Fund balances at beginning of year (restated)	459,053	1,599,158	2,058,211
Decrease in reserve for inventory	(18,069)	-	(18,069)
Fund balances at end of year	\$ 1,435,856	\$ 804,644	\$ 2,240,500

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

COMBINING STATEMENTS - NONMAJOR FUNDS

Nonmajor Special Revenue Funds

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

Public School Support

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

Miscellaneous Grants

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

District Managed Student Activity

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

Auxiliary Services

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

Career Development

To account for monies received and expended in conjunction with Vocational Education Career Development projects funded by the State of Ohio, Ohio Department of Education, Division of Vocational Education.

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.

Entry Year Programs

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

Disadvantaged Pupil Impact Aid (DPIA)

To account for state funds which provide instructional programs and materials for disadvantaged students

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.

NEWARK CITY SCHOOL DISTRICT
LICKING COUNTY, OHIO

COMBINING STATEMENTS - NONMAJOR FUNDS

Nonmajor Special Revenue Funds (Continued)

SchoolNet Professional Development

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

Ohio Reads Grant

To account for improvements in reading outcomes, especially on the fourth grade reading proficiency test and for volunteer coordinators in public school buildings, for background checks for volunteers, to evaluate the Ohio Reads Program, and for operating expenses associated with administering the program.

Student Intervention

To account for student intervention services satisfying criteria defined in division (E) of section 3313.608 of the Revised Code.

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.

Title I

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

Title VI

instruction; programs of professional development; programs to enhance personal excellence of students and student

Drug Free Schools Program

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

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

COMBINING STATEMENTS - NONMAJOR FUNDS

Nonmajor Special Revenue Funds (Continued)

EHA Preschool Grant

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

Telecommunications Act Grant ("E-Rate")

This fund will be used to account for a federal grant, which is paid directly to the telecommunication service provider. These funds will be used to pay for telecommunication activities.

Goals 2000 Grant

A fund used to account for monies to support a broad range of education improvement goals. Competitive grants are used to establish a network of schools that have developed a systematic improvement plan. Funding is targeted at school districts where student performance on the fourth and ninth grade State Proficiency test are significantly below the State average. Competitive grants are used to support partnerships between school districts and colleges of education to improve teacher education and school instruction simultaneously.

Reducing Class Size

To account for a federal grant aimed at reducing class sizes through out the district.

Miscellaneous Federal Grants

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

Food Service

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

School Activity Trusts

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

Staff Trusts

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

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

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2005

	Public School Support	Miscellaneous Grants	District Managed Student Activity	Auxiliary Services
Assets:				
Equity in pooled cash and cash equivalents.	\$ 84,296	\$ 77,155	\$ 85,202	\$ 139,842
Receivables:				
Accounts.	-	-	549	-
Intergovernmental	-	-	-	-
Prepayments.	-	-	-	-
Materials and supplies inventory	-	-	-	-
	-	-	-	-
Total assets.	\$ 84,296	\$ 77,155	\$ 85,751	\$ 139,842
Liabilities:				
Accounts payable.	\$ 692	\$ 955	\$ 1,016	\$ 4,562
Accrued wages and benefits	-	-	-	6,170
Pension obligation payable.	-	-	-	5,606
Intergovernmental payable	-	-	38	907
Interfund loan payable	-	-	-	-
Deferred revenue.	-	-	-	-
	-	-	-	-
Total liabilities.	692	955	1,054	17,245
Fund balances:				
Reserved for encumbrances	2,339	448	15,993	18,148
Reserved for materials and supplies inventory	-	-	-	-
Reserved for prepayments	-	-	-	-
Unreserved-undesignated (deficit)	81,265	75,752	68,704	104,449
	81,265	75,752	68,704	104,449
Total fund balances (deficits)	83,604	76,200	84,697	122,597
Total liabilities and fund balances.	\$ 84,296	\$ 77,155	\$ 85,751	\$ 139,842

<u>Management Information Systems</u>	<u>Entry Year Programs</u>	<u>Disadvantaged Pupil Impact Aid (DPIA)</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads Grant</u>
\$ 21,952	\$ 8,587	\$ -	\$ 11,523	\$ -
-		-	-	-
-		-	-	14,318
85		-	-	-
-		-	-	-
<u>\$ 22,037</u>	<u>\$ 8,587</u>	<u>\$ -</u>	<u>\$ 11,523</u>	<u>\$ 14,318</u>
\$ -	\$ 5,078	\$ -	\$ -	\$ 1,554
83		4,852	-	-
2,358		8,310	-	605
134		1,186	1	160
25,000		-	-	8,535
-		-	-	-
<u>27,575</u>	<u>5,078</u>	<u>14,348</u>	<u>1</u>	<u>10,854</u>
-	1,646	-	290	2,093
-		-	-	-
85		-	-	-
<u>(5,623)</u>	<u>1,863</u>	<u>(14,348)</u>	<u>11,232</u>	<u>1,371</u>
<u>(5,538)</u>	<u>3,509</u>	<u>(14,348)</u>	<u>11,522</u>	<u>3,464</u>
<u>\$ 22,037</u>	<u>\$ 8,587</u>	<u>\$ -</u>	<u>\$ 11,523</u>	<u>\$ 14,318</u>

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NEWARK CITY SCHOOL DISTRICT
LICKING COUNTY, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2005

	<u>Student Intervention</u>	<u>Alternative Schools</u>	<u>Miscellaneous State Grants</u>	<u>Title VI-B</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 1,656	\$ 1,882	\$ 29,024	\$ 31,392
Receivables:				
Accounts.	-	-	390	269
Intergovernmental	50,419	20,464	-	341,656
Prepayments.	-	-	-	-
Materials and supplies inventory	-	-	-	-
Total assets.	<u>\$ 52,075</u>	<u>\$ 22,346</u>	<u>\$ 29,414</u>	<u>\$ 373,317</u>
Liabilities:				
Accounts payable.	\$ 242	\$ 4,162	\$ 8,354	\$ 23,561
Accrued wages and benefits	48,314	8,036	444	23,574
Pension obligation payable.	15,159	2,466	2,991	43,155
Intergovernmental payable	1,144	262	170	2,872
Interfund loan payable	-	-	-	-
Deferred revenue.	9,868	20,464	390	179,895
Total liabilities.	<u>74,727</u>	<u>35,390</u>	<u>12,349</u>	<u>273,057</u>
Fund balances:				
Reserved for encumbrances	58	8,024	4,710	35,133
Reserved for materials and supplies inventory	-	-	-	-
Reserved for prepayments	-	-	-	-
Unreserved-undesignated (deficit)	<u>(22,710)</u>	<u>(21,068)</u>	<u>12,355</u>	<u>65,127</u>
Total fund balances (deficits)	<u>(22,652)</u>	<u>(13,044)</u>	<u>17,065</u>	<u>100,260</u>
Total liabilities and fund balances.	<u>\$ 52,075</u>	<u>\$ 22,346</u>	<u>\$ 29,414</u>	<u>\$ 373,317</u>

<u>Title I</u>	<u>Title VI</u>	<u>Drug Free Schools Program</u>	<u>EHA Preschool Grant</u>
\$ 123,178	\$ 2,975	\$ 11,178	\$ 3,319
-	-	-	-
562,329	9,859	11,338	10,021
80	-	-	-
-	-	-	-
<u>\$ 685,587</u>	<u>\$ 12,834</u>	<u>\$ 22,516</u>	<u>\$ 13,340</u>
\$ 62,866	\$ 6,320	\$ 14,455	\$ 645
41,018	-	451	463
40,426	-	1,410	3,198
6,290	69	83	113
-	-	-	-
320,822	4,929	5,669	7,398
<u>471,422</u>	<u>11,318</u>	<u>22,068</u>	<u>11,817</u>
169,862	791	2,256	2,742
-	-	-	-
80	-	-	-
44,223	725	(1,808)	(1,219)
<u>214,165</u>	<u>1,516</u>	<u>448</u>	<u>1,523</u>
<u>\$ 685,587</u>	<u>\$ 12,834</u>	<u>\$ 22,516</u>	<u>\$ 13,340</u>

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NEWARK CITY SCHOOL DISTRICT
LICKING COUNTY, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2005

	Telecommunications Act Grant "E-Rate"	Reducing Class Size	Miscellaneous Federal Grants
Assets:			
Equity in pooled cash and cash equivalents.	\$ 13,281	\$ -	\$ 5,126
Receivables:			
Accounts.	-	-	-
Intergovernmental	-	333,257	17,393
Prepayments.	-	-	-
Materials and supplies inventory	-	-	-
	-	-	-
Total assets.	\$ 13,281	\$ 333,257	\$ 22,519
Liabilities:			
Accounts payable.	\$ 480	\$ 3,035	\$ 6,210
Accrued wages and benefits	-	9,014	315
Pension obligation payable.	-	5,620	-
Intergovernmental payable	-	1,625	45
Interfund loan payable	10,000	111,826	-
Deferred revenue.	-	143,742	11,166
	-	143,742	11,166
Total liabilities.	10,480	274,862	17,736
Fund balances:			
Reserved for encumbrances	3,666	28,468	5,048
Reserved for materials and supplies inventory	-	-	-
Reserved for prepayments	-	-	-
Unreserved-undesignated (deficit)	(865)	29,927	(265)
	(865)	29,927	(265)
Total fund balances (deficits)	2,801	58,395	4,783
Total liabilities and fund balances.	\$ 13,281	\$ 333,257	\$ 22,519

<u>Food Service</u>	<u>School Activity Trusts</u>	<u>Staff Trusts</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 695,300	\$ 66,099	\$ 22,969	\$ 1,435,936
1,723	564	26	3,521
154,703	-	-	1,525,757
-	-	-	165
13,712	-	-	13,712
<u>\$ 865,438</u>	<u>\$ 66,663</u>	<u>\$ 22,995</u>	<u>\$ 2,979,091</u>
\$ 3,038	\$ -	\$ 386	\$ 147,611
113,233	-	-	255,967
127,940	-	-	259,244
4,921	-	-	20,020
-	-	-	155,361
125	564	-	705,032
<u>249,257</u>	<u>564</u>	<u>386</u>	<u>1,543,235</u>
7,023	-	418	309,156
13,712	-	-	13,712
-	-	-	165
595,446	66,099	22,191	1,112,823
<u>616,181</u>	<u>66,099</u>	<u>22,609</u>	<u>1,435,856</u>
<u>\$ 865,438</u>	<u>\$ 66,663</u>	<u>\$ 22,995</u>	<u>\$ 2,979,091</u>

**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, 2005

	<u>Public School Support</u>	<u>Miscellaneous Grants</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>
Revenues:				
From local sources:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	3,950
Extracurricular	35,380	-	224,315	-
Other local revenues	55,462	-	39,567	-
Intergovernmental - intermediate	-	31,630	-	-
Intergovernmental - state	-	-	-	603,375
Intergovernmental - federal	-	-	-	-
Total revenues	<u>90,842</u>	<u>31,630</u>	<u>263,882</u>	<u>607,325</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	21,932	-	-
Special	-	-	-	-
Vocational	-	1	-	-
Support services:				
Pupil	-	-	-	-
Instructional staff	-	330	-	-
Administration	-	-	-	-
Fiscal	-	-	-	-
Operations and maintenance	-	-	-	-
Pupil transportation	-	256	-	-
Central	-	-	-	-
Operation of non-instructional services	84,544	71,716	1,610	-
Food service operations	-	-	-	-
Extracurricular activities	-	23	245,279	-
Intergovernmental pass through	-	-	-	566,780
Facilities acquisition and construction	-	-	1,016	-
Total expenditures	<u>84,544</u>	<u>94,258</u>	<u>247,905</u>	<u>566,780</u>
Excess of revenues over (under) expenditures	<u>6,298</u>	<u>(62,628)</u>	<u>15,977</u>	<u>40,545</u>
Other financing sources:				
Transfers in	-	-	2,229	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>2,229</u>	<u>-</u>
Net change in fund balances	6,298	(62,628)	18,206	40,545
Fund balances (deficits) at beginning of year (restated)	77,306	138,828	66,491	82,052
Decrease in reserve for inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits) at end of year	<u>\$ 83,604</u>	<u>\$ 76,200</u>	<u>\$ 84,697</u>	<u>\$ 122,597</u>

<u>Career Development</u>	<u>Management Information Systems</u>	<u>Entry Year Programs</u>	<u>Disadvantaged Pupil Impact Aid (DPIA)</u>	<u>Data Communications</u>	<u>SchoolNet Professional Development</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	20,674	34,100	454,324	48,000	4,140
-	-	-	-	-	-
-	20,674	34,100	454,324	48,000	4,140
1,678	-	-	336,394	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6	-	-	78	-	-
-	-	30,591	-	-	1,787
-	5,828	-	49,158	-	-
-	37,261	-	-	-	-
-	-	-	40,565	-	-
-	-	-	-	-	-
-	29,384	-	-	48,000	979
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,684	72,473	30,591	426,195	48,000	2,766
(1,684)	(51,799)	3,509	28,129	-	1,374
-	59,200	-	-	-	-
-	59,200	-	-	-	-
(1,684)	7,401	3,509	28,129	-	1,374
1,684	(12,939)	-	(42,477)	-	10,148
-	-	-	-	-	-
\$ -	\$ (5,538)	\$ 3,509	\$ (14,348)	\$ -	\$ 11,522

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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 (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Ohio Reads Grant</u>	<u>Student Intervention</u>	<u>Alternative Schools</u>	<u>Miscellaneous State Grants</u>
Revenues:				
From local sources:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-
Extracurricular	-	-	-	-
Other local revenues	-	-	-	-
Intergovernmental - state	102,000	188,323	73,285	114,172
Intergovernmental - federal	-	-	-	-
Total revenues	<u>102,000</u>	<u>188,323</u>	<u>73,285</u>	<u>114,172</u>
Expenditures:				
Current:				
Instruction:				
Regular	60,766	148,381	37,055	38,341
Special	-	27,322	-	-
Vocational	-	-	-	-
Support services:				
Pupil	-	-	32,453	37,780
Instructional staff	39,643	-	8,887	42,518
Administration	-	6,349	6,765	6,053
Fiscal	-	-	-	-
Operations and maintenance	-	-	-	6,084
Pupil transportation	-	8,299	125	1,501
Central	-	-	5,000	-
Operation of non-instructional services	6,401	-	-	-
Food service operations	-	-	-	-
Extracurricular activities	-	-	-	-
Intergovernmental pass through	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Total expenditures	<u>106,810</u>	<u>190,351</u>	<u>90,285</u>	<u>132,277</u>
Excess of revenues over (under) expenditures	<u>(4,810)</u>	<u>(2,028)</u>	<u>(17,000)</u>	<u>(18,105)</u>
Other financing sources:				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(4,810)	(2,028)	(17,000)	(18,105)
Fund balances (deficits) at beginning of year (restated)	8,274	(20,624)	3,956	35,170
Decrease in reserve for inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits) at end of year	<u>\$ 3,464</u>	<u>\$ (22,652)</u>	<u>\$ (13,044)</u>	<u>\$ 17,065</u>

<u>Title VI-B</u>	<u>Title I</u>	<u>Title VI</u>	<u>Drug Free Schools Program</u>	<u>EHA Preschool Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,533,691	2,628,626	48,781	54,746	39,692
<u>1,533,691</u>	<u>2,628,626</u>	<u>48,781</u>	<u>54,746</u>	<u>39,692</u>
22,131	2,685	15,756	23,032	2,386
685,800	1,767,443	-	-	142
-	-	-	-	-
4,911	-	-	33,039	-
432,679	287,769	32,266	2,619	29,239
88,352	88,186	-	-	-
-	6,136	-	-	-
-	-	-	-	-
-	-	-	843	-
74,989	-	-	-	-
11,321	14,649	6,175	192	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	474
-	-	-	-	-
<u>1,320,183</u>	<u>2,166,868</u>	<u>54,197</u>	<u>59,725</u>	<u>32,241</u>
<u>213,508</u>	<u>461,758</u>	<u>(5,416)</u>	<u>(4,979)</u>	<u>7,451</u>
-	-	-	-	-
-	-	-	-	-
213,508	461,758	(5,416)	(4,979)	7,451
(113,248)	(247,593)	6,932	5,427	(5,928)
-	-	-	-	-
<u>\$ 100,260</u>	<u>\$ 214,165</u>	<u>\$ 1,516</u>	<u>\$ 448</u>	<u>\$ 1,523</u>

-- Continued

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Telecommunications Act Grant "E-Rate"	Goals 2000 Grant	Reducing Class Size	Miscellaneous Federal Grants
Revenues:				
From local sources:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-
Extracurricular	-	-	-	-
Other local revenues	-	-	-	-
Intergovernmental - state	-	-	-	-
Intergovernmental - federal	98,769	-	627,114	80,432
Total revenues.	98,769	-	627,114	80,432
Expenditures:				
Current:				
Instruction:				
Regular.	-	103	304,312	60,219
Special	-	-	-	-
Vocational	-	-	-	-
Support services:				
Pupil	-	-	-	-
Instructional staff.	-	-	256,746	9,853
Administration	-	-	19,394	-
Fiscal.	-	-	-	-
Operations and maintenance	-	-	-	9,390
Pupil transportation	-	-	96	-
Central	105,867	-	-	-
Operation of non-instructional services	-	-	640	1,423
Food service operations	-	-	-	-
Extracurricular activities	-	-	-	-
Intergovernmental pass through.	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Total expenditures	105,867	103	581,188	80,885
Excess of revenues over (under) expenditures	(7,098)	(103)	45,926	(453)
Other financing sources:				
Transfers in.	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balances	(7,098)	(103)	45,926	(453)
Fund balances (deficits)				
at beginning of year (restated)	9,899	103	12,469	5,236
Decrease in reserve for inventory	-	-	-	-
Fund balances (deficits) at end of year . . .	\$ 2,801	\$ -	\$ 58,395	\$ 4,783

<u>Food Service</u>	<u>School Activity Trusts</u>	<u>Staff Trusts</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 1,119,220	\$ -	\$ -	\$ 1,119,220
10,506	-	-	14,456
-	-	5,359	265,054
-	40,199	9,030	144,258
			31,630
171,641	-	-	1,814,034
1,217,820	-	-	6,329,671
<u>2,519,187</u>	<u>40,199</u>	<u>14,389</u>	<u>9,718,323</u>
-	12,038	-	1,087,209
-	-	-	2,480,707
-	-	-	1
-	-	-	108,267
-	-	-	1,174,927
-	-	-	270,085
-	-	-	43,397
-	-	-	56,039
-	-	-	11,120
-	-	-	264,219
-	5	9,123	207,799
2,265,445	-	-	2,265,445
-	2,093	-	247,395
-	-	-	567,254
-	-	-	1,016
<u>2,265,445</u>	<u>14,136</u>	<u>9,123</u>	<u>8,784,880</u>
<u>253,742</u>	<u>26,063</u>	<u>5,266</u>	<u>933,443</u>
-	-	-	61,429
-	-	-	61,429
253,742	26,063	5,266	994,872
380,508	40,036	17,343	459,053
(18,069)	-	-	(18,069)
<u>\$ 616,181</u>	<u>\$ 66,099</u>	<u>\$ 22,609</u>	<u>\$ 1,435,856</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public School Support				
Total Revenues and Other Sources	\$ 25,000	\$ 84,823	\$ 90,841	\$ 6,018
Total Expenditures and Other Uses	<u>55,000</u>	<u>121,841</u>	<u>87,416</u>	<u>34,425</u>
Net Change in Fund Balances	(30,000)	(37,018)	3,425	40,443
Fund balance at beginning of year	70,512	70,512	70,512	-
Prior year encumbrances appropriated.	<u>7,324</u>	<u>7,324</u>	<u>7,328</u>	<u>-</u>
Fund balance at end of year	<u>\$ 47,836</u>	<u>\$ 40,818</u>	<u>\$ 81,265</u>	<u>\$ 40,443</u>
Miscellaneous Grants				
Total Revenues and Other Sources	\$ 40,000	\$ 12,350	\$ 31,630	\$ 19,280
Total Expenditures and Other Uses	<u>11,350</u>	<u>123,896</u>	<u>94,929</u>	<u>28,967</u>
Net Change in Fund Balances	28,650	(111,546)	(63,299)	48,247
Fund balance at beginning of year	120,617	120,617	120,617	-
Prior year encumbrances appropriated.	<u>18,434</u>	<u>18,434</u>	<u>18,434</u>	<u>-</u>
Fund balance at end of year	<u>\$ 167,701</u>	<u>\$ 27,505</u>	<u>\$ 75,752</u>	<u>\$ 48,247</u>
District Managed Student Activity				
Total Revenues and Other Sources	\$ 200,000	\$ 265,000	\$ 265,565	\$ 565
Total Expenditures and Other Uses	<u>240,570</u>	<u>346,450</u>	<u>269,964</u>	<u>76,486</u>
Net Change in Fund Balances	(40,570)	(81,450)	(4,399)	77,051
Fund balance at beginning of year	67,143	67,143	67,143	-
Prior year encumbrances appropriated.	<u>5,449</u>	<u>5,449</u>	<u>5,449</u>	<u>-</u>
Fund balance at end of year	<u>\$ 32,022</u>	<u>\$ (8,858)</u>	<u>\$ 68,193</u>	<u>\$ 77,051</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Auxiliary Services				
Total Revenues and Other Sources	\$ 630,000	\$ 620,560	\$ 685,399	\$ 64,839
Total Expenditures and Other Uses	<u>650,000</u>	<u>822,945</u>	<u>707,539</u>	<u>115,406</u>
Net Change in Fund Balances	(20,000)	(202,385)	(22,140)	180,245
Fund balance at beginning of year	119,377	119,377	119,377	-
Prior year encumbrances appropriated.	<u>19,895</u>	<u>19,895</u>	<u>19,895</u>	<u>-</u>
Fund balance at end of year	<u>\$ 119,272</u>	<u>\$ (63,113)</u>	<u>\$ 117,132</u>	<u>\$ 180,245</u>
Career Development				
Total Revenues and Other Sources	\$ -	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	<u>772</u>	<u>1,684</u>	<u>1,684</u>	<u>-</u>
Net Change in Fund Balances	(772)	(1,684)	(1,684)	-
Fund balance at beginning of year	773	773	773	-
Prior year encumbrances appropriated.	<u>911</u>	<u>911</u>	<u>911</u>	<u>-</u>
Fund balance at end of year	<u>\$ 912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Management Information Systems				
Total Revenues and Other Sources	\$ 50,000	\$ 70,000	\$ 79,874	\$ 9,874
Total Expenditures and Other Uses	<u>83,200</u>	<u>83,200</u>	<u>71,900</u>	<u>11,300</u>
Net Change in Fund Balances	(33,200)	(13,200)	7,974	21,174
Fund balance at beginning of year	<u>13,978</u>	<u>13,978</u>	<u>13,978</u>	<u>-</u>
Fund balance at end of year	<u>\$ (19,222)</u>	<u>\$ 778</u>	<u>\$ 21,952</u>	<u>\$ 21,174</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Entry Year Programs				
Total Revenues and Other Sources	\$ -	\$ -	\$ 34,100	\$ 34,100
Total Expenditures and Other Uses	-	34,100	32,237	1,863
Net Change in Fund Balances	-	(34,100)	1,863	35,963
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ (34,100)</u>	<u>\$ 1,863</u>	<u>\$ 35,963</u>
Disadvantaged Pupil Impact Aid (DPIA)				
Total Revenues and Other Sources	\$ 455,000	\$ 455,000	\$ 454,323	\$ (677)
Total Expenditures and Other Uses	454,323	454,323	454,323	-
Net Change in Fund Balances	677	677	-	(677)
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ 677</u>	<u>\$ 677</u>	<u>\$ -</u>	<u>\$ (677)</u>
Data Communications Fund				
Total Revenues and Other Sources	\$ -	\$ 48,000	\$ 48,000	\$ -
Total Expenditures and Other Uses	-	48,000	48,000	-
Net Change in Fund Balances	-	-	-	-
Fund balance at beginning of year	-	-	-	-
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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
SchoolNet Professional Development				
Total Revenues and Other Sources	\$ -	\$ 4,140	\$ 4,141	\$ 1
Total Expenditures and Other Uses	<u>428</u>	<u>14,786</u>	<u>3,554</u>	<u>11,232</u>
Net Change in Fund Balances	(428)	(10,646)	587	11,233
Fund balance at beginning of year	9,586	9,586	9,586	-
Prior year encumbrances appropriated.	<u>1,060</u>	<u>1,060</u>	<u>1,060</u>	<u>-</u>
Fund balance at end of year	<u>\$ 10,218</u>	<u>\$ -</u>	<u>\$ 11,233</u>	<u>\$ 11,233</u>
Ohio Reads Grant				
Total Revenues and Other Sources	\$ 50,000	\$ 98,000	\$ 96,217	\$ (1,783)
Total Expenditures and Other Uses	<u>98,260</u>	<u>114,503</u>	<u>112,367</u>	<u>2,136</u>
Net Change in Fund Balances	(48,260)	(16,503)	(16,150)	353
Fund balance at beginning of year	6,669	6,669	6,669	-
Prior year encumbrances appropriated.	<u>5,834</u>	<u>5,834</u>	<u>5,834</u>	<u>-</u>
Fund deficit at end of year	<u>\$ (35,757)</u>	<u>\$ (4,000)</u>	<u>\$ (3,647)</u>	<u>\$ 353</u>
Student Intervention				
Total Revenues and Other Sources	\$ -	\$ 197,490	\$ 147,773	\$ (49,717)
Total Expenditures and Other Uses	<u>188,688</u>	<u>220,116</u>	<u>168,341</u>	<u>51,775</u>
Net Change in Fund Balances	(188,688)	(22,626)	(20,568)	2,058
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated.	<u>21,924</u>	<u>21,924</u>	<u>21,924</u>	<u>-</u>
Fund balance at end of year	<u>\$ (166,764)</u>	<u>\$ (702)</u>	<u>\$ 1,356</u>	<u>\$ 2,058</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Alternative Schools				
Total Revenues and Other Sources	\$ -	\$ 93,770	\$ 73,284	\$ (20,486)
Total Expenditures and Other Uses	<u>98,185</u>	<u>102,849</u>	<u>92,689</u>	<u>10,160</u>
Net Change in Fund Balances	(98,185)	(9,079)	(19,405)	(10,326)
Fund balance at beginning of year	3,662	3,662	3,662	-
Prior year encumbrances appropriated.	<u>5,439</u>	<u>5,439</u>	<u>5,439</u>	<u>-</u>
Fund deficit at end of year	<u>\$ (89,084)</u>	<u>\$ 22</u>	<u>\$ (10,304)</u>	<u>\$ (10,326)</u>
Miscellaneous State Grants				
Total Revenues and Other Sources	\$ 5,000	\$ 108,440	\$ 114,172	\$ 5,732
Total Expenditures and Other Uses	<u>115,242</u>	<u>173,321</u>	<u>157,012</u>	<u>16,309</u>
Net Change in Fund Balances	(110,242)	(64,881)	(42,840)	22,041
Fund balance at beginning of year	36,077	36,077	36,077	-
Prior year encumbrances appropriated.	<u>22,723</u>	<u>22,723</u>	<u>22,723</u>	<u>-</u>
Fund balance at end of year	<u>\$ (51,442)</u>	<u>\$ (6,081)</u>	<u>\$ 15,960</u>	<u>\$ 22,041</u>
Title VI-B				
Total Revenues and Other Sources	\$ 800,000	\$ 1,799,953	\$ 1,509,074	\$ (290,879)
Total Expenditures and Other Uses	<u>1,585,845</u>	<u>1,871,734</u>	<u>1,557,380</u>	<u>314,354</u>
Net Change in Fund Balances	(785,845)	(71,781)	(48,306)	23,475
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated.	<u>21,004</u>	<u>21,004</u>	<u>21,004</u>	<u>-</u>
Fund deficit at end of year	<u>\$ (764,841)</u>	<u>\$ (50,777)</u>	<u>\$ (27,302)</u>	<u>\$ 23,475</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Title I				
Total Revenues and Other Sources	\$ 1,911,000	\$ 2,553,845	\$ 2,388,244	\$ (165,601)
Total Expenditures and Other Uses	<u>2,210,850</u>	<u>2,961,477</u>	<u>2,582,692</u>	<u>378,785</u>
Net Change in Fund Balances	(299,850)	(407,632)	(194,448)	213,184
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated.	<u>84,898</u>	<u>84,898</u>	<u>84,898</u>	<u>-</u>
Fund deficit at end of year	<u>\$ (214,952)</u>	<u>\$ (322,734)</u>	<u>\$ (109,550)</u>	<u>\$ 213,184</u>
Title VI				
Total Revenues and Other Sources	\$ 54,000	\$ 60,730	\$ 50,865	\$ (9,865)
Total Expenditures and Other Uses	<u>56,000</u>	<u>67,786</u>	<u>62,062</u>	<u>5,724</u>
Net Change in Fund Balances	(2,000)	(7,056)	(11,197)	(4,141)
Fund balance at beginning of year	6,907	6,907	6,907	-
Prior year encumbrances appropriated.	<u>154</u>	<u>154</u>	<u>154</u>	<u>-</u>
Fund deficit at end of year	<u>\$ 5,061</u>	<u>\$ 5</u>	<u>\$ (4,136)</u>	<u>\$ (4,141)</u>
Drug Free Schools Program				
Total Revenues and Other Sources	\$ 54,000	\$ 62,450	\$ 51,115	\$ (11,335)
Total Expenditures and Other Uses	<u>58,244</u>	<u>72,264</u>	<u>66,457</u>	<u>5,807</u>
Net Change in Fund Balances	(4,244)	(9,814)	(15,342)	(5,528)
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated.	<u>9,809</u>	<u>9,809</u>	<u>9,809</u>	<u>-</u>
Fund deficit at end of year	<u>\$ 5,565</u>	<u>\$ (5)</u>	<u>\$ (5,533)</u>	<u>\$ (5,528)</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EHA Preschool Grant				
Total Revenues and Other Sources	\$ 36,000	\$ 41,600	\$ 37,069	\$ (4,531)
Total Expenditures and Other Uses	<u>41,550</u>	<u>50,730</u>	<u>40,778</u>	<u>9,952</u>
Net Change in Fund Balances	(5,550)	(9,130)	(3,709)	5,421
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated.	<u>3,641</u>	<u>3,641</u>	<u>3,641</u>	<u>-</u>
Fund deficit at end of year	<u>\$ (1,909)</u>	<u>\$ (5,489)</u>	<u>\$ (68)</u>	<u>\$ 5,421</u>
Telecommunications Act Grant (E-Rate)				
Total Revenues and Other Sources	\$ 50,000	\$ 90,000	\$ 148,769	\$ 58,769
Total Expenditures and Other Uses	<u>90,000</u>	<u>158,801</u>	<u>150,923</u>	<u>7,878</u>
Net Change in Fund Balances	(40,000)	(68,801)	(2,154)	66,647
Fund balance at beginning of year	2,388	2,388	2,388	-
Prior year encumbrances appropriated.	<u>8,801</u>	<u>8,801</u>	<u>8,801</u>	<u>-</u>
Fund balance at end of year	<u>\$ (28,811)</u>	<u>\$ (57,612)</u>	<u>\$ 9,035</u>	<u>\$ 66,647</u>
Goals 2000 Grant				
Total Expenditures and Other Uses	\$ -	\$ -	\$ 103	\$ (103)
Net Change in Fund Balances	-	-	(103)	(103)
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated.	<u>103</u>	<u>103</u>	<u>103</u>	<u>-</u>
Fund balance at end of year	<u>\$ 103</u>	<u>\$ 103</u>	<u>\$ -</u>	<u>\$ (103)</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Reducing Class Size				
Total Revenues and Other Sources	\$ 500,000	\$ 765,850	\$ 553,306	\$ (212,544)
Total Expenditures and Other Uses	<u>440,000</u>	<u>823,400</u>	<u>633,471</u>	<u>189,929</u>
Net Change in Fund Balances	60,000	(57,550)	(80,165)	(22,615)
Fund balance at beginning of year	20,505	20,505	20,505	-
Prior year encumbrances appropriated.	<u>28,157</u>	<u>28,157</u>	<u>28,157</u>	<u>-</u>
Fund deficit at end of year	<u>\$ 108,662</u>	<u>\$ (8,888)</u>	<u>\$ (31,503)</u>	<u>\$ (22,615)</u>
Miscellaneous Federal Grants				
Total Revenues and Other Sources	\$ 46,000	\$ 90,303	\$ 74,205	\$ (16,098)
Total Expenditures and Other Uses	<u>82,000</u>	<u>101,213</u>	<u>89,952</u>	<u>11,261</u>
Net Change in Fund Balances	(36,000)	(10,910)	(15,747)	(4,837)
Fund balance at beginning of year	5,550	5,550	5,550	-
Prior year encumbrances appropriated.	<u>4,065</u>	<u>4,065</u>	<u>4,065</u>	<u>-</u>
Fund deficit at end of year	<u>\$ (26,385)</u>	<u>\$ (1,295)</u>	<u>\$ (6,132)</u>	<u>\$ (4,837)</u>
Food Service				
Total Revenues and Other Sources	\$ 2,000,000	\$ 2,000,000	\$ 2,291,774	\$ 291,774
Total Expenditures and Other Uses	<u>2,138,650</u>	<u>2,281,829</u>	<u>2,190,651</u>	<u>91,178</u>
Net Change in Fund Balances	(138,650)	(281,829)	101,123	382,952
Fund balance at beginning of year	542,287	542,287	542,287	-
Prior year encumbrances appropriated.	<u>41,829</u>	<u>41,829</u>	<u>41,829</u>	<u>-</u>
Fund balance at end of year	<u>\$ 445,466</u>	<u>\$ 302,287</u>	<u>\$ 685,239</u>	<u>\$ 382,952</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
School Activity Trusts				
Total Revenues and Other Sources	\$ 36,500	\$ 36,500	\$ 40,199	\$ 3,699
Total Expenditures and Other Uses	<u>50,968</u>	<u>50,968</u>	<u>49,136</u>	<u>1,832</u>
Net Change in Fund Balances	(14,468)	(14,468)	(8,937)	5,531
Fund balance at beginning of year	<u>75,036</u>	<u>75,036</u>	<u>75,036</u>	<u>-</u>
Fund balance at end of year	<u>\$ 60,568</u>	<u>\$ 60,568</u>	<u>\$ 66,099</u>	<u>\$ 5,531</u>
Staff Trusts				
Total Revenues and Other Sources	\$ 21,000	\$ 21,000	\$ 14,363	\$ (6,637)
Total Expenditures and Other Uses	<u>18,609</u>	<u>18,609</u>	<u>9,541</u>	<u>9,068</u>
Net Change in Fund Balances	2,391	2,391	4,822	2,431
Fund balance at beginning of year	13,207	13,207	13,207	-
Prior year encumbrances appropriated.	<u>4,136</u>	<u>4,136</u>	<u>4,136</u>	<u>-</u>
Fund balance at end of year	<u>\$ 19,734</u>	<u>\$ 19,734</u>	<u>\$ 22,165</u>	<u>\$ 2,431</u>

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

COMBINING STATEMENTS - NONMAJOR FUNDS

Nonmajor Capital Projects Funds

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

Permanent Improvement

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

Vocational Education Equipment

To account for receipts and expenditures involved in upgrading and retaining out-of-school youths and adults for the purpose of improving their skills and knowledge in their occupations or planned occupations.

SchoolNet

To account for monies received that are used to help the school district obtain computers and related educational technology equipment and or the necessary infrastructure for educational technology.

Interactive Video Distance Learning

To account for State money used to finance the interactive video distance learning project.

**NEWARK CITY SCHOOL DISTRICT
LICKING COUNTY, OHIO**
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2005

	<u>Permanent Improvement</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets:		
Equity in pooled cash and cash equivalents. . .	\$ 626,527	\$ 626,527
Receivables:		
Property taxes	<u>1,539,985</u>	<u>1,539,985</u>
Total assets.	<u>\$ 2,166,512</u>	<u>\$ 2,166,512</u>
 Liabilities:		
Accounts payable.	\$ 6,494	\$ 6,494
Intergovernmental payable.	794	794
Deferred revenue.	<u>1,354,580</u>	<u>1,354,580</u>
Total liabilities.	<u>1,361,868</u>	<u>1,361,868</u>
 Fund balances:		
Reserved for encumbrances	413,076	413,076
Reserved for property taxes unavailable for appropriation	167,500	167,500
Unreserved-undesignated	<u>224,068</u>	<u>224,068</u>
Total fund balances	<u>804,644</u>	<u>804,644</u>
Total liabilities and fund balances.	<u>\$ 2,166,512</u>	<u>\$ 2,166,512</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, 2005

	<u>Permanent Improvement</u>	<u>Vocational Education Equipment</u>	<u>SchoolNet</u>	<u>Interactive Video Distance Learning</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:					
From local sources:					
Taxes	\$ 1,419,559	\$ -	\$ -	\$ -	\$ 1,419,559
Intergovernmental - state	208,007	-	-	-	208,007
Total revenues	<u>1,627,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,627,566</u>
Expenditures:					
Current:					
Instruction:					
Regular	388,299	-	8,975	-	397,274
Special	11,709	-	-	-	11,709
Vocational	-	103	-	-	103
Support services:					
Pupil	7,036	-	-	-	7,036
Instructional staff	28,633	-	-	-	28,633
Administration	20,991	-	-	-	20,991
Fiscal	26,235	-	-	-	26,235
Business	1,516	-	-	-	1,516
Operations and maintenance	94,533	-	-	-	94,533
Pupil transportation	310,949	-	-	-	310,949
Central	-	-	-	1,200	1,200
Facilities acquisition and construction	1,467,164	-	-	-	1,467,164
Debt service:					
Principal retirement	52,810	-	-	-	52,810
Interest and fiscal charges	1,927	-	-	-	1,927
Total expenditures	<u>2,411,802</u>	<u>103</u>	<u>8,975</u>	<u>1,200</u>	<u>2,422,080</u>
Net change in fund balances	(784,236)	(103)	(8,975)	(1,200)	(794,514)
Fund balances at beginning of year	<u>1,588,880</u>	<u>103</u>	<u>8,975</u>	<u>1,200</u>	<u>1,599,158</u>
Fund balances at end of year	<u>\$ 804,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 804,644</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Permanent Improvement Fund				
Total Revenues and Other Sources	\$ 1,633,935	\$ 1,633,935	\$ 1,690,066	\$ 56,131
Total Expenditures and Other Uses	<u>1,778,255</u>	<u>2,830,520</u>	<u>2,825,099</u>	<u>5,421</u>
Net Change in Fund Balances	(144,320)	(1,196,585)	(1,135,033)	61,552
Fund balance at beginning of year	736,471	736,471	736,471	-
Prior year encumbrances appropriated.	<u>605,519</u>	<u>605,519</u>	<u>605,519</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,197,670</u>	<u>\$ 145,405</u>	<u>\$ 206,957</u>	<u>\$ 61,552</u>
Vocational Education Equipment				
Total Expenditures and Other Uses	\$ -	\$ 103	\$ 103	\$ -
Net Change in Fund Balances	-	(103)	(103)	-
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated.	<u>103</u>	<u>103</u>	<u>103</u>	<u>-</u>
Fund balance at end of year	<u>\$ 103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SchoolNet				
Total Expenditures and Other Uses	\$ 428	\$ 8,975	\$ 8,975	\$ -
Net Change in Fund Balances	(428)	(8,975)	(8,975)	-
Fund balance at beginning of year	428	428	428	-
Prior year encumbrances appropriated.	<u>8,547</u>	<u>8,547</u>	<u>8,547</u>	<u>-</u>
Fund balance at end of year	<u>\$ 8,547</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Interactive Video Distance Learning				
Total Revenues and Other Sources	\$ 10,000	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	<u>101</u>	<u>1,200</u>	<u>1,200</u>	<u>-</u>
Net Change in Fund Balances	9,899	(1,200)	(1,200)	-
Fund balance at beginning of year	101	101	101	-
Prior year encumbrances appropriated.	<u>1,099</u>	<u>1,099</u>	<u>1,099</u>	<u>-</u>
Fund balance at end of year	<u>\$ 11,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Internal Service Funds

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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Employee Benefits Self-Insurance				
Total Operating and Non-operating Revenues . . .	\$ 450,000	\$ 480,000	\$ 523,658	\$ 43,658
Total Operating and Non-operating Expenses . . .	<u>475,000</u>	<u>507,500</u>	<u>505,641</u>	<u>1,859</u>
Net change in fund equity	(25,000)	(27,500)	18,017	45,517
Fund equity at beginning of year.	<u>148,419</u>	<u>148,419</u>	<u>148,419</u>	<u>-</u>
Fund equity at end of year	<u>\$ 123,419</u>	<u>\$ 120,919</u>	<u>\$ 166,436</u>	<u>\$ 45,517</u>

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

COMBINING STATEMENTS - FIDUCIARY FUNDS

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the 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.

PRIVATE-PURPOSE TRUST FUND

Special Trusts Fund

This fund accounts 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

This fund accounts for monies endowed for college scholarships for students enrolled in the School District. The income from such a fund may be expended, but the principal must remain intact.

AGENCY FUNDS

Student Managed Activities Fund

This fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program.

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

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2005

	Scholarship		
	Special Trusts	Endowment	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 45,729	\$ 9,887	\$ 55,616
Total assets.	45,729	9,887	55,616
Net Assets:			
Held in trust for scholarships	45,729	9,887	55,616
Total net assets	\$ 45,729	\$ 9,887	\$ 55,616

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

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Scholarship</u>		
	<u>Special Trusts</u>	<u>Endowment</u>	<u>Total</u>
Additions:			
Interest	\$ 893	\$ 204	\$ 1,097
Gifts and contributions.	1,000	-	1,000
	<hr/>	<hr/>	<hr/>
Total additions.	1,893	204	2,097
	<hr/>	<hr/>	<hr/>
Deductions:			
Scholarships awarded	2,680	200	2,880
Change in net assets	(787)	4	(783)
	<hr/>	<hr/>	<hr/>
Net assets at beginning of year	46,516	9,883	56,399
	<hr/>	<hr/>	<hr/>
Net assets at end of year	<u>\$ 45,729</u>	<u>\$ 9,887</u>	<u>\$ 55,616</u>

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

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Special Trusts				
Total Operating and Non-operating Revenues . . .	\$ 1,000	\$ 1,000	\$ 1,894	\$ 894
Total Operating and Non-operating Expenses . . .	<u>3,405</u>	<u>3,405</u>	<u>2,931</u>	<u>474</u>
Net change in fund equity	(2,405)	(2,405)	(1,037)	1,368
Fund equity at beginning of year.	<u>46,516</u>	<u>46,516</u>	<u>46,516</u>	<u>-</u>
Fund equity at end of year	<u>\$ 44,111</u>	<u>\$ 44,111</u>	<u>\$ 45,479</u>	<u>\$ 1,368</u>
Endowment				
Total Operating and Non-operating Revenues . . .	\$ 700	\$ 200	\$ 204	\$ 4
Total Operating and Non-operating Expenses . . .	<u>700</u>	<u>700</u>	<u>200</u>	<u>500</u>
Net change in fund equity	-	(500)	4	504
Fund equity at beginning of year.	<u>9,883</u>	<u>9,883</u>	<u>9,883</u>	<u>-</u>
Fund equity at end of year	<u>\$ 9,883</u>	<u>\$ 9,383</u>	<u>\$ 9,887</u>	<u>\$ 504</u>

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

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Beginning Balance July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2005</u>
Student Managed Activities				
Assets:				
Equity in pooled cash and cash equivalents. . . .	\$ 58,233	\$ 81,621	\$ 83,118	\$ 56,736
Liabilities:				
Due to students	\$ 58,233	\$ 81,621	\$ 83,118	\$ 56,736
 Total - All Agency Funds				
Assets:				
Equity in pooled cash and cash equivalents. . . .	\$ 58,233	\$ 81,621	\$ 83,118	\$ 56,736
Liabilities:				
Due to students	\$ 58,233	\$ 81,621	\$ 83,118	\$ 56,736

STATISTICAL SECTION

THE FOLLOWING UNAUDITED STATISTICAL TABLES
REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND
FISCAL CAPACITY OF THE DISTRICT

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

GENERAL FUND REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS (1)

	Fiscal Year Ended <u>June 30, 2005</u>	Fiscal Year Ended <u>June 30, 2004</u>	Fiscal Year Ended <u>June 30, 2003</u>	Fiscal Year Ended <u>June 30, 2002</u>
Revenues:				
Taxes	\$ 20,607,877	\$ 21,072,555	\$ 20,363,165	\$ 19,913,001
Intergovernmental	25,406,940	24,893,488	22,764,994	23,050,113
Earnings on investments	420,228	246,773	427,039	889,576
Tuition and fees	474,072	377,784	365,798	266,839
Extracurricular	284	247	-	-
Other revenue	108,313	335,708	272,353	283,653
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	<u>\$ 47,017,714</u>	<u>\$ 46,926,555</u>	<u>\$ 44,193,349</u>	<u>\$ 44,403,182</u>
Expenditures:				
Current:				
Instruction:				
Regular	\$ 26,580,690	\$ 24,563,478	\$ 22,181,557	\$ 21,420,566
Special	4,428,691	4,326,448	4,098,459	3,711,654
Vocational	1,060,060	1,160,179	966,521	791,374
Other	13,059	16,306	8,806	21,414
Support services:				
Pupil	2,717,128	2,805,350	2,380,185	2,383,558
Instructional staff	2,595,641	2,559,860	2,466,678	2,415,457
Board of Education	341,420	237,432	237,865	291,754
Administration	3,494,907	3,890,156	3,596,019	3,463,619
Fiscal	903,189	938,941	909,393	938,074
Business	516,902	523,986	528,695	531,334
Operations and maintenance	4,602,966	4,667,160	4,268,865	3,954,845
Pupil transportation	2,094,643	1,899,005	1,916,812	1,679,292
Central	591,476	572,082	689,588	717,260
Operation of non-instructional services	3,272	5,599	90	260
Extracurricular activities	626,555	625,383	587,718	587,621
Intergovernmental pass through	-	2,074	-	-
Capital outlay	-	-	2,500	-
Debt service	155,721	13,459	199,574	223,571
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	<u>\$ 50,726,320</u>	<u>\$ 48,806,898</u>	<u>\$ 45,039,325</u>	<u>\$ 43,131,653</u>

Source: 2005 School District financial records, 1996-2004 School District Audit Reports.

(1) Fiscal year 1997 reported on a cash basis.

Fiscal Year Ended June 30, 2001	Fiscal Year Ended June 30, 2000	Fiscal Year Ended June 30, 1999	Fiscal Year Ended June 30, 1998	Fiscal Year Ended June 30, 1997	Fiscal Year Ended June 30, 1996
\$ 21,690,350	\$ 21,438,005	\$ 23,659,721	\$ 16,829,625	\$ 15,889,980	\$ 16,633,935
21,867,779	21,003,093	20,747,861	19,231,779	18,498,470	18,412,265
1,498,738	1,124,207	502,281	429,381	456,513	420,763
260,298	438,598	205,311	125,254	124,713	115,152
-	1,154	-	-	-	-
338,832	80,709	85,782	93,547	58,212	131,582
<u>\$ 45,655,997</u>	<u>\$ 44,085,766</u>	<u>\$ 45,200,956</u>	<u>\$ 36,709,586</u>	<u>\$ 35,027,888</u>	<u>\$ 35,713,697</u>
\$ 20,545,063	\$ 19,703,533	\$ 20,043,214	\$ 18,673,230	\$ 18,597,170	\$ 17,606,365
3,396,903	3,207,113	3,116,578	3,111,679	3,077,986	2,857,567
649,969	718,326	796,506	750,705	801,449	889,194
77,775	16,931	18,324	17,969	18,111	17,833
2,108,138	1,981,753	2,034,253	1,906,907	1,639,834	1,329,445
1,727,099	1,604,390	1,603,749	1,523,761	1,543,351	1,447,886
356,048	259,788	148,382	190,098	206,643	147,947
3,070,121	2,951,324	2,987,540	2,816,199	2,875,430	2,861,570
911,456	806,871	886,806	672,110	653,168	633,725
754,585	711,682	734,383	667,373	647,828	543,341
4,174,113	3,809,489	3,877,997	3,919,391	3,893,920	3,735,255
1,694,471	1,464,070	1,422,354	1,487,210	1,323,555	1,218,975
462,207	275,566	271,514	164,496	161,009	179,434
-	-	2,709	-	-	-
509,925	508,310	540,852	525,897	539,430	508,250
-	-	-	-	-	-
689,679	17,020	7,922	1,340	8,208	14,060
131,965	117,070	-	-	-	-
<u>\$ 41,259,517</u>	<u>\$ 38,153,236</u>	<u>\$ 38,493,083</u>	<u>\$ 36,428,365</u>	<u>\$ 35,987,092</u>	<u>\$ 33,990,847</u>

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

PROPERTY TAX LEVIES AND COLLECTIONS REAL, PUBLIC UTILITY TAX AND TANGIBLE PERSONAL PROPERTY (1)
LAST TEN CALENDAR YEARS

Year (2)	Current Levy	Delinquent Levy (3)	Total Levy	Current Collections	Percent of Current Levy Collected	Delinquent Collections	Total Collection	Total Collection as a Percent of Total Levy	Delinquent Taxes Receivable
2004	\$17,841,154	\$ 1,159,133	\$19,000,287	\$17,363,135	97.32%	\$ 575,124	\$ 17,938,259	94.41%	\$ 1,062,028
2003	17,991,082	1,148,299	19,139,381	17,153,105	95.34%	618,793	17,771,898	92.86%	1,367,483
2002	17,082,951	1,181,308	18,264,259	16,492,781	96.55%	567,595	17,060,376	93.41%	1,204,883
2001	16,803,018	1,490,888	18,293,906	16,203,429	96.43%	910,882	17,114,311	93.55%	1,179,595
2000	16,481,808	918,277	17,400,085	15,589,000	94.58%	460,105	16,049,105	92.24%	1,350,980
1999	21,743,348	1,186,231	22,929,579	21,262,674	97.79%	682,721	21,945,395	95.71%	1,984,184
1998	20,680,453	1,787,841	22,468,294	20,363,419	98.47%	1,387,111	21,750,530	96.81%	717,764
1997	19,868,881	1,363,399	21,232,280	18,553,069	93.38%	768,138	19,321,207	91.00%	1,911,073
1996	19,348,475	1,046,280	20,394,755	18,700,500	96.65%	449,812	19,150,312	93.90%	1,244,443
1995	19,022,802	1,185,836	20,208,638	18,541,348	97.47%	630,993	19,172,341	94.87%	1,036,297

Source: Licking County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor.

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.
- (2) Represents collection year. 2005 information cannot be presented because all collections have not been made by June 30.
- (3) This amount cannot be calculated based on other information in this statistical table because of retroactive additions and reductions which are brought on in one lump sum.

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

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN COLLECTION YEARS**

Collection Year	Real Property (1)		Public Utility (2)		Tangible Personal Property (3)		Total	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2005	\$ 663,274,280	\$1,895,069,371	\$28,615,340	\$28,615,340	\$58,251,640	\$ 61,317,516	\$750,141,260	\$ 1,985,002,227
2004	652,575,730	1,864,502,086	27,644,720	27,644,720	66,104,880	69,584,084	746,325,330	1,961,730,890
2003	642,775,000	1,836,500,000	27,832,080	31,628,376	62,139,910	65,410,432	732,746,990	1,933,538,808
2002	582,130,530	1,663,230,086	26,908,730	30,578,102	65,222,500	68,655,263	674,261,760	1,762,463,451
2001	573,100,360	1,637,429,600	37,396,510	42,496,034	63,241,970	66,570,495	673,738,840	1,746,496,129
2000	568,452,510	1,624,150,029	35,724,640	40,596,182	56,445,250	225,781,000	660,622,400	1,890,527,211
1999	487,419,510	1,392,627,171	39,243,900	44,595,341	59,310,510	237,242,040	585,973,920	1,674,464,552
1998	469,045,480	1,340,129,943	39,180,720	44,523,545	60,571,730	242,286,920	568,797,930	1,626,940,408
1997	458,498,250	1,309,995,000	39,489,670	44,874,625	60,862,260	243,449,040	558,850,180	1,598,318,665
1996	407,054,230	1,163,012,086	40,906,460	46,484,614	59,988,990	239,955,960	507,949,680	1,449,452,660

Source: Licking County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor.

- (1) Real estate value is assessed at 35% of actual value.
- (2) Public utility personal is assessed at varying rates of true value.
- (3) Tangible personal property is assessed at 95% of actual value, prior to 2001 it was assessed at 25% of actual value.

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

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN CALENDAR YEARS**

Collection Year	School Levy	County Levy	City Levy	Joint Vocational School	Total
2005	37.02	7.20	3.70	3.00	50.92
2004	31.13	7.20	3.70	2.80	44.83
2003	31.14	7.20	3.70	3.00	45.04
2002	31.21	7.20	3.70	2.00	44.11
2001	31.22	7.20	3.70	2.00	44.12
2000	31.40	7.20	3.70	2.00	44.30
1999	31.40	7.20	3.70	2.00	44.30
1998	49.00	7.20	3.70	2.00	61.90
1997	49.00	7.20	3.70	2.00	61.90
1996	48.00	7.20	3.70	2.00	60.90

Source: Licking County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor.

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

COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2005

Assessed Valuation (2005)	\$ 750,141,260
 <u>Voted Debt Margin</u>	
Bonded debt limit - 9% of assessed value (1)	67,512,713
Outstanding debt:	
Library facility notes	6,231,826
General obligation bonds	50,000,000
Less: amount available in debt service fund	(2,820,860)
Total outstanding debt	53,410,966
Voted debt margin	\$ 14,101,747
 <u>Unvoted Debt Margin</u>	
Bonded debt limit - .10% of assessed valuation	750,141
Outstanding debt:	
Library facility notes	6,231,826
General obligation bonds	50,000,000
Less: amount available in debt service fund	(2,820,860)
Total outstanding debt	53,410,966
Less exemptions:	
Library facility notes	6,231,826
General obligation bonds	50,000,000
Less: amount available in debt service fund	(2,820,860)
Total exemptions	53,410,966
Unvoted debt margin	\$ 750,141

Source: Licking County Auditor and School District financial records.

(1) Ohio Bond Law sets a limit of 9% of assessed value for voted debt and 1/10 of 1% for unvoted debt. All School District debt subject to the limitation is voted.

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

**RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Collection Year	Population (1)	Assessed Value	Net General Obligation Bonded Debt (2)	Ratio of Net Debt to Assessed Value	Net Debt Per Capita
2005	46,279	\$ 750,141,260	\$ 56,231,826	7.50%	\$ 1,215.06
2004	46,279	746,325,330	6,289,928	0.84%	135.91
2003	46,279	732,746,990	6,004,723	0.82%	129.75
2002	46,279	674,261,760	7,506,038	1.11%	162.19
2001	46,279	673,738,840	8,240,413	1.22%	178.06
2000	44,389	660,622,400	8,006,606	1.21%	180.37
1999	44,389	585,973,920	8,495,000	1.45%	191.38
1998	44,389	568,797,930	11,329,928	1.99%	255.24
1997	44,389	558,850,180	1,210,000	0.22%	27.26
1996	44,389	507,949,680	1,445,000	0.28%	32.55

Source: Licking County Auditor, School District records, and School District Audit Reports.

(1) Population data for 1994 through 2000 was assumed to be the same as the 1990 census and data for 2001 through 2005 was assumed to be the same as the 2000 census, since interim data was not available.

(2) No debt is applicable to enterprise funds.

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

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT
TO TOTAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS**

Year	Principal	Interest	Total Debt Service	Total Governmental Expenditures	Ratio of Debt Service to Governmental Expenditures (Percentages)
2005	\$ 256,368	\$ 1,061,833	\$ 1,318,201	\$ 64,014,236	2.06%
2004	423,986	339,375	763,361	58,788,296	1.30%
2003	380,716	387,156	767,872	54,913,649	1.40%
2002	325,000	331,002	656,002	43,131,653	1.52%
2001	510,000	351,813	861,813	48,614,489	1.77%
2000	485,000	377,850	862,850	44,832,854	1.92%
1999	460,000	549,725	1,009,725	46,291,812	2.18%
1998	250,000	213,202	463,202	40,588,552	1.14%
1997	235,000	83,083	318,083	41,578,183	0.77%
1996	225,000	96,733	321,733	39,594,759	0.81%

Source: School District records and Audit Reports.

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

DEMOGRAPHIC STATISTICS

<u>Selected Population Characteristic</u>	<u>2000</u>	<u>1990</u>
<u>Gender</u>		
Male	21,883	20,828
Female	24,396	23,561
<u>Age Distribution</u>		
Under 5 years	3,481	3,554
5 to 20 years	9,573	9,855
21 to 24 years	3,051	2,508
25 to 44 years	13,507	13,809
45 to 54 years	5,893	4,132
55 to 64 years	3,885	3,819
65 to 74 years	3,342	3,539
75 years and older	3,547	3,173
Percent of population under 20	28.21%	30.21%
Percent of population 65 and older	14.89%	15.12%
<u>Race</u>		
White	43,560	42,605
Black	1,435	1,424
Other	1,284	360

Source: U.S. Bureau of the Census

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

**PROPERTY VALUES, BANK DEPOSITS AND CONSTRUCTION
LAST TEN CALENDAR YEARS**

<u>Year</u>	<u>Total Assessed Value</u>	<u>Certified Bank Deposits</u>	<u>Value of New Construction</u>	
2004	\$ 746,325,330	\$ 2,154,692,000	80,238,412	(1)
2003	732,746,990	1,482,543,000	64,728,182	(1)
2002	674,261,760	1,475,801,000	56,438,839	(1)
2001	673,738,840	1,256,082,000	49,633,089	(1)
2000	660,622,400	1,188,718,000	47,766,585	(1)
1999	585,973,920	1,166,894,000	22,833,197	(1)
1998	568,797,930	861,662,000	32,478,869	(1)
1997	558,850,180	789,385,000	51,554,923	(1)
1996	507,949,680	711,043,000	175,928,781	(1)
1995	488,266,290	697,375,000	111,520,794	(1)

Source: Licking County Auditor, Federal Reserve Bank of Cleveland, City of Newark
Comprehensive Annual Financial Report

Data is presented on a calendar year basis because that is the manner in which the data is maintained.

(1) Includes all of Licking County.

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

**PRINCIPAL TAXPAYERS
2004 TAX YEAR**

Top Taxpayers	Assessed Valuations			
	Real Property	Tangible Personal	Public Utility	Total
1. Owens Corning, Inc.	\$ 3,454,370	\$ 20,341,550	\$ -	\$ 23,795,920
2. Ohio Power	-	-	17,358,840	17,358,840
3. Alltel Ohio, Inc.	-	-	7,308,910	7,308,910
4. Meijer Stores Ltd. Ptnr.	1,826,410	1,498,790	-	3,325,200
5. Acuity Lighting Group	-	3,010,970	-	3,010,970
6. Gannett Company Inc.	-	2,741,740	-	2,741,740
7. Kroger Company	-	2,530,980	-	2,530,980
8. Health Care Prop. Investors Inc.	2,288,340	-	-	2,288,340
9. Packing Corp. of America	-	2,163,400	-	2,163,400
10. National Gas & Oil Corporation	-	-	2,131,320	2,131,320
Total top ten taxpayers	<u>\$ 7,569,120</u>	<u>\$ 32,287,430</u>	<u>\$ 26,799,070</u>	<u>\$ 66,655,620</u>
Total all assessed valuations	663,274,280	58,251,640	28,615,340	750,141,260

Source: Licking County Auditor.

Percent of Total Assessed Valuations	Estimated Actual Valuations			
	Real Property	Tangible Property	Public Utility	Total
3.17%	\$ 9,869,629	\$ 25,179,567	\$ -	\$ 35,049,196
2.31%			16,490,260	16,490,260
0.97%	-	284	7,314,760	7,315,044
0.44%	5,218,314	1,760,115	-	6,978,429
0.40%	-	-	-	-
0.37%	-	2,922,602	-	2,922,602
0.34%	-	2,882,250	-	2,882,250
0.31%	6,538,114	-	-	6,538,114
0.29%	-	-	-	-
0.28%	-	-	-	-
<u>8.88%</u>	<u>\$ 21,626,057</u>	<u>\$ 32,744,818</u>	<u>\$ 23,805,020</u>	<u>\$ 78,175,895</u>
100.00%				

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

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2005

<u>Jurisdiction</u>	<u>Assessed Valuation</u>	<u>Net General Tax Supported Debt</u>	<u>Percent Overlapping</u>	<u>Amount Applicable Newark City School District</u>
Newark City School District	\$ 750,141,260	\$ 6,004,723	100.00%	\$ 6,004,723
City of Newark	742,972,970	14,890,089	99.04%	14,747,800
Licking County	3,248,018,000	<u>17,792,274</u>	22.87%	<u>4,069,093</u>
		<u>\$ 38,687,086</u>		<u>\$ 24,821,617</u>

Source: Licking County Auditor

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

**MISCELLANEOUS STATISTICS
LAST TEN FISCAL YEARS (1)**

	Fiscal Year Ended June 30, 2005	Fiscal Year Ended June 30, 2004	Fiscal Year Ended June 30, 2003	Fiscal Year Ended June 30, 2002
Fall enrollment	6,868	6,978	6,973	6,985
<u>Demographic Data:</u>				
Median income	\$ 34,791	\$ 34,791	\$ 34,791	\$ 34,791
Property valuation/pupil.	106,954	106,954	105,250	96,696
<u>Fiscal Data:</u>				
Effective mills	(1)	29.57	22.69	22.71
Average teacher salary	\$ 46,427	\$ 46,130	\$ 44,273	\$ 42,047
<u>Staff Data:</u>				
Percent of teachers with no degree.	0.00%	0.00%	0.00%	0.00%
Percent of teachers with bachelor degree	49.70%	52.00%	50.00%	53.00%
Percent of teachers with masters degree	50.30%	48.00%	50.00%	47.00%
Average teacher experience (yrs.)	13.00	14.00	13.00	13.00
<u>Output:</u>				
Pupil attendance rate	94.30%	94.30%	94.10%	93.60%
Staff attendance rate	96.40%	96.50%	96.60%	96.20%
Graduation rate	78.10%	71.20%	69.00%	71.10%

Source: Ohio Department of Education, U.S. Census Bureau and School District records
Output for 1999-2005 provided by School District Report Card.

(1) Information not available for 2005.

<u>Fiscal Year Ended June 30, 2001</u>	<u>Fiscal Year Ended June 30, 2000</u>	<u>Fiscal Year Ended June 30, 1999</u>	<u>Fiscal Year Ended June 30, 1998</u>	<u>Fiscal Year Ended June 30, 1997</u>	<u>Fiscal Year Ended June 30, 1996</u>
7,222	7,395	7,433	7,594	7,300	7,520
\$ 34,791 96,410	\$ 34,791 83,110	\$ 29,931 77,229	\$ 29,931 74,555	\$ 29,931 67,720	\$ 29,931 64,431
23.01 \$ 40,275	23.07 \$ 40,102	23.07 \$ 39,528	31.74 \$ 38,215	31.74 \$ 35,118	30.88 \$ 34,195
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
52.00%	55.64%	61.67%	25.65%	27.25%	30.41%
48.00%	44.36%	38.33%	36.96%	34.72%	33.48%
13.93	14.80	14.80	14.30	15.00	14.20
93.60%	93.40%	92.80%	92.60%	92.84%	92.32%
96.10%	96.70%	96.00%	95.91%	95.80%	95.83%
69.00%	71.80%	72.90%	75.60%	63.79%	61.87%

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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
DECEMBER 27, 2005**