

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

**SUPPLEMENTAL REPORTS**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2004**

**MR. BRIAN WILSON, 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 Trimble, Julian & Grube, Inc., for the audit period July 1, 2003 through June 30, 2004. 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

November 15, 2004

**This Page is Intentionally Left Blank.**

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

TABLE OF CONTENTS

Independent Auditor’s Report on Supplementary Schedule of Receipts and Expenditures of Federal Awards .....	1
Schedule of Receipts and Expenditures of Federal Awards .....	2
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	3 - 4
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With <i>OMB Circular A-133</i> .....	5 - 6
Schedule of Findings <i>OMB Circular A-133 § .505</i> .....	7 - 8

# TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

1445 Worthington Woods Boulevard  
Suite B  
Worthington, Ohio 43085

Telephone 614.846.1899  
Facsimile 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

Our audit was performed for the purpose of forming an opinion on the financial statements of the governmental activities, its 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, 2004, which collectively comprise the 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. 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.

Trimble, Julian & Grube, Inc.  
September 10, 2004

**NEWARK CITY SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
<b>Nutrition Cluster:</b>						
(A) (C) Food Distribution	10.550	N/A	\$ -	\$ 209,946	\$ -	\$ 209,946
(A) (D) School Breakfast Program	10.553	044453-05PU-2003	31,413	-	31,413	-
(A) (D) School Breakfast Program	10.553	044453-05PU-2004	94,032	-	94,032	-
(A) (D) School Breakfast Program	10.553	044453-05RE-2004	2,250	-	2,250	-
(A) (D) National School Lunch	10.555	044453-LLP4-2003	218,372	-	218,372	-
(A) (D) National School Lunch	10.555	044453-LLP4-2004	589,927	-	589,927	-
<b>Total U.S. Department of Agriculture and Nutrition Cluster</b>			<b>935,994</b>	<b>209,946</b>	<b>935,994</b>	<b>209,946</b>
<b>U.S. DEPARTMENT OF LABOR PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
(F) School to Work Administration	17.249	N/A	-	-	1,181	-
(G) School to Work Administration	17.249	N/A	-	-	54	-
<b>Total U.S. Department of Labor and School to Work Administration</b>			<b>-</b>	<b>-</b>	<b>1,235</b>	<b>-</b>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
Title I - Grants to Local Educational Agencies	84.010	044453-C1-S1-2003	183,922	-	236,453	-
Title I - Grants to Local Educational Agencies	84.010	044453-C1-S1-2004	1,596,281	-	1,584,251	-
<b>Total Title I</b>			<b>1,780,203</b>	<b>-</b>	<b>1,820,704</b>	<b>-</b>
<b>Special Education Cluster:</b>						
(B) Title VI-B - Education of the Handicapped Act	84.027	044453-6B-SD-2003-P	29,875	-	44,415	-
(B) Title VI-B - Education of the Handicapped Act	84.027	044453-6B-SF-2003-P	133,059	-	184,645	-
(B) Title VI-B - Education of the Handicapped Act	84.027	044453-6B-SD-2004-P	32,461	-	32,966	-
(B) Title VI-B - Education of the Handicapped Act	84.027	044453-6B-SF-2004-P	711,101	-	809,234	-
<b>Total Title VI-B</b>			<b>906,496</b>	<b>-</b>	<b>1,071,260</b>	<b>-</b>
(B) Special Education Preschool	84.173	044453-PG-S1-2003-P	6,880	-	6,494	-
(B) Special Education Preschool	84.173	044453-PG-S1-2004-P	26,453	-	24,592	-
(B) Special Education Preschool	84.173	044453-PG-D7-2004-P	1,800	-	78	-
<b>Total Special Education Preschool</b>			<b>35,133</b>	<b>-</b>	<b>31,164</b>	<b>-</b>
<b>Total Special Education Cluster</b>			<b>941,629</b>	<b>-</b>	<b>1,102,424</b>	<b>-</b>
Drug Free National Program	84.184C	044453-T4-S1-2003	2,213	-	4,580	-
Drug Free National Program	84.184C	044453-T4-S1-2004	8,367	-	9,376	-
Drug Free National Program	84.184C	044453-T4-S1-2004-P	3,246	-	4,337	-
<b>Total Drug Free National Program</b>			<b>13,826</b>	<b>-</b>	<b>18,293</b>	<b>-</b>
(I) Safe and Drug-Free Schools	84.186	044453-DR-S1-2002	(25,000)	-	-	-
Safe and Drug-Free Schools	84.186	044453-DR-S1-2003	27,659	-	14,914	-
Safe and Drug-Free Schools	84.186	044453-DR-S1-2004	48,071	-	40,433	-
<b>Total Safe and Drug-Free Schools</b>			<b>50,730</b>	<b>-</b>	<b>55,347</b>	<b>-</b>
(H) Goals 2000	84.276	044453-G2-S2-2001	(47)	-	-	-
State Grants for Innovative Programs	84.298	044453-C2-S1-2003	2,660	-	6,189	-
State Grants for Innovative Programs	84.298	044453-C2-S1-2004	71,630	-	64,569	-
<b>Total Title VI</b>			<b>74,290</b>	<b>-</b>	<b>70,758</b>	<b>-</b>
Title II - Technology Literacy Challenge	84.318	044453-TJ-S1-2003	19,284	-	27,048	-
Title II - Technology Literacy Challenge	84.318	044453-TJ-S1-2004	39,799	-	31,331	-
<b>Total Title II</b>			<b>59,083</b>	<b>-</b>	<b>58,379</b>	<b>-</b>
Assistive Technology	84.343	N/A	-	-	7,479	-
School Renovation, IDEA and Technology	84.352A	044453-AT-S4-2002	10,046	-	10,046	-
Title II-A - Improving Teacher Quality	84.367	044453-TR-S1-2003	36,142	-	49,231	-
Title II-A - Improving Teacher Quality	84.367	044453-TR-S1-2004	327,649	-	278,987	-
<b>Total Title II-A</b>			<b>363,791</b>	<b>-</b>	<b>328,218</b>	<b>-</b>
<b>Total U.S. Department of Education</b>			<b>3,293,551</b>	<b>-</b>	<b>3,471,648</b>	<b>-</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES:</b>						
Temporary Assistance for Needy Families	93.558	N/A	87,642	-	87,642	-
Community Alternative Funding System Program	93.778	N/A	210,660	-	210,660	-
<b>Total U.S. Department of Health and Human Services</b>			<b>298,302</b>	<b>-</b>	<b>298,302</b>	<b>-</b>
<b>Total Federal Financial Assistance</b>			<b>\$ 4,527,847</b>	<b>\$ 209,946</b>	<b>\$ 4,707,179</b>	<b>\$ 209,946</b>

- (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 Distribution 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) Repayment of unspent funds  
 (I) Amount of \$25,000 carried over to fiscal year 2003 grant based on Ohio Department of Education administrative action.

# TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

1445 Worthington Woods Boulevard  
Suite B  
Worthington, Ohio 43085

Telephone 614.846.1899  
Facsimile 614.846.2799

## **Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Basic 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, its major fund, and the aggregate remaining fund information of Newark City School District as of and for the fiscal year ended June 30, 2004, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 10, 2004. As disclosed in Note 3.A. to the basic financial statements, the District had a change in accounting principle by changing its available period. Also disclosed in Note 3.A., the District had a change in its capital asset threshold and due to errors and omissions previously reported as capital assets. 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.

### Compliance

As part of obtaining reasonable assurance about whether Newark City School District's financial statements of the governmental activities, its major fund, and the aggregate remaining fund information are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Board of Education  
Newark City School District

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 opinion on the basic financial statements of the governmental activities, its major fund, and the aggregate remaining fund information and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the basic 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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in the report, that we have reported to the management of Newark City School District in a separate letter dated September 10, 2004.

This report is intended 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.

Trimble, Julian & Grube, Inc.  
September 10, 2004

# TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

1445 Worthington Woods Boulevard  
Suite B  
Worthington, Ohio 43085

Telephone 614.846.1899  
Facsimile 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 major federal program for the fiscal year ended June 30, 2004. As disclosed in Note 3.A. to the basic financial statements, the District had a change in accounting principle by changing its available period. Also disclosed in Note 3.A., the District had a change in its capital asset threshold and due to errors and omissions previously reported as capital assets. 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 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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, 2004.

#### 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 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 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.

Trimble, Julian & Grube, Inc.  
September 10, 2004

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2004**

**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:	Special Education Cluster (Title VI-B - CFDA #84.027 and Special Education Preschool: CFDA #84.173), Community Alternative Funding Systems Program (CAFS): CFDA #93.778
<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, 2004**

**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  
Newark City Schools, Newark, Ohio



For the year ended June 30, 2004

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT

OF THE

NEWARK CITY  
SCHOOL DISTRICT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2004

PREPARED BY  
TREASURER'S DEPARTMENT  
BRIAN WILSON, TREASURER

85 EAST MAIN STREET

NEWARK, OHIO 43055

**THIS PAGE IS INTENTIONALLY LEFT BLANK**

---

# INTRODUCTORY SECTION

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**TABLE OF CONTENTS**

**I. INTRODUCTORY SECTION**

Table of Contents.....	I 1-3
Letter of Transmittal .....	I 4-9
List of Principal Officers .....	I 10
Organizational Chart.....	I 11
Certificate of Achievement for Excellence in Financial Reporting .....	I 12

**II. FINANCIAL SECTION**

INDEPENDENT AUDITOR’S REPORT.....	F 1-2
MANAGEMENT’S DISCUSSION AND ANALYSIS .....	F 3-13
<b>BASIC FINANCIAL STATEMENTS:</b>	
Government-Wide Financial Statements:	
Statement of Net Assets.....	F 14
Statement of Activities .....	F 15
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	F 16
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	F 17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	F 18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	F 19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non GAAP Budgetary Basis) - General Fund.....	F 20
Statement of Net Assets - Proprietary Fund .....	F 21
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Fund.....	F 22
Statement of Cash Flows - Proprietary Fund.....	F 23
Statement of Fiduciary Net Assets - Fiduciary Funds .....	F 24
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds.....	F 25
Notes to the Basic Financial Statements .....	F 26-54

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES:

Combining Statements - Nonmajor Funds:

Fund Descriptions.....	F 55-58
Combining Balance Sheet - Nonmajor Governmental Funds.....	F 59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	F 60
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	F 61-66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	F 67-72
Combining Balance Sheet - Nonmajor Capital Projects Funds.....	F 73
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds.....	F 74

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

General Fund.....	F 75
Public School Support Fund.....	F 76
Miscellaneous Grants Fund.....	F 76
District Managed Student Activity Fund.....	F 76
Auxiliary Services Fund.....	F 77
Career Development Fund.....	F 77
Management Information Systems Fund.....	F 77
Disadvantaged Pupil Impact Aid (DPIA) Fund.....	F 78
Data Communications Fund.....	F 78
SchoolNet Professional Development Fund.....	F 78
Ohio Reads Grant Fund.....	F 79
Student Intervention Fund.....	F 79
Alternative Schools Fund.....	F 79
Extended Learning Opportunity Fund.....	F 80
Miscellaneous State Grants Fund.....	F 80
Title VI-B Fund.....	F 80
Title I Fund.....	F 81
Title VI Fund.....	F 81
Drug Free Schools Program Fund.....	F 81
EHA Preschool Grant Fund.....	F 82
Telecommunications Act Grant ("E-Rate") Fund.....	F 82
Goals 2000 Grant Fund.....	F 82
Reducing Class Size Fund.....	F 83
Miscellaneous Federal Grants Fund.....	F 83
Food Service Fund.....	F 83
School Activity Trusts Fund.....	F 84
Staff Trusts Fund.....	F 84
Debt Service Fund.....	F 84
Permanent Improvement Fund.....	F 85
Vocational Education Equipment Fund.....	F 85
SchoolNet Fund.....	F 85
Interactive Video Distance Learning Fund.....	F 86
Employee Benefits Self-Insurance Fund.....	F 86
Special Trust Fund.....	F 86
Endowment Fund.....	F 86

**III. STATISTICAL SECTION**

General Fund Revenues by Source and Expenditures by Function Last Ten Fiscal Years .....	S 1-2
Property Tax Levies and Collections Real, Public Utility and Tangible Personal Property Last Ten Calendar Years .....	S 3
Assessed and Estimated Actual Value of Taxable Property Last Ten Collection Years .....	S 4
Property Tax Rates - Direct and Overlapping Governments Last Ten Calendar Years .....	S 5
Computation of Legal Debt Margin .....	S 6
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt per Capita - Last Ten Fiscal Years .....	S 7
Ratio of Annual General Obligation Debt Service Expenditures for General Obligation Bonded Debt to Total Governmental Expenditures - Last Ten Fiscal Years .....	S 8
Demographic Statistics.....	S 9
Property Values, Bank Deposits and Construction Last Ten Calendar Years .....	S 10
Principal Taxpayers - 2002 Tax Year .....	S 11-12
Computation of Direct and Overlapping Bonded Debt.....	S 13
Miscellaneous Statistics - Last Ten Fiscal Years .....	S 14-15

**THIS PAGE IS INTENTIONALLY LEFT BLANK**



# NEWARK CITY SCHOOLS

ADMINISTRATIVE SERVICE CENTER

85 East Main Street, Newark, Ohio 43055

Phone (740) 345-9891

Fax # (740) 349-2303

---

The mission of the Newark City Schools is to create a community that is forever learning, forever growing and forever serving.

---

September 10, 2004

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

We are pleased to submit to you the fifth Comprehensive Annual Financial Report (CAFR) of the Newark City School District (the "District"). This CAFR, which includes an opinion from Trimble, 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 47,450 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 2003-2004 school year, the District had approximately 6,956 (Fall 2003) 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 1,889 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 has been impacted by the national recession. This past year saw a 2.5% decline in income tax revenue for the district. This is on top of a 5.43% decline from the prior year. We are somewhat optimistic that we are finally turning the corner. The first quarterly installment of income tax revenue for FY05 is up 9.3% from the first quarter of FY04 and three of the past four quarters have been up from the same period a year prior. The District's cash balances will allow us to absorb this loss for the moment. It is hoped that the economy in our community is on the rebound and that the District will see this in increased income tax collections. If not, tough decisions will face the District in the next few years.

## **MAJOR INITIATIVES AND ACCOMPLISHMENTS**

### *Accomplishments for 2004*

#### *Financial*

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

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

#### *Instruction*

The District remained in Continuous Improvement 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. In 2004 - 2005 the following tests will be given:

3rd grade -- reading and math achievement

4th grade -- writing and reading achievement; math, citizenship, science proficiency

5th grade -- reading achievement

6th grade -- writing, reading, math, citizenship, science proficiency

7th grade -- math achievement

8th grade -- reading and math achievement

10th grade -- writing, reading, math, social studies, and science Ohio Graduation Tests

11th and 12th graders who have not passed the 9th grade proficiency test will take any 9th grade 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 11th and 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 2004, is listed below.

*Writing* 96.8%

*Reading* 98.1%

*Math* 78.4%

*Citizenship* 93.1%

*Science* 85.3%

## *Initiatives for 2005*

### *Financial*

To receive the Certificate of Excellence in Financial Reporting from the GFOA for the District's 2004 CAFR.

To receive the Award for Outstanding Achievement in Popular Annual Financial Reporting from the GFOA for the 2004 Popular Annual Financial Report.

### *Instruction*

To implement academic content standards in all grades.

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 meet the challenge of preparing students and teachers for the Ohio Graduation Test and other achievement tests.

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

## **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 third 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 2004 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 \$79,919 at June 30, 2003 and had net assets of \$85,360 at June 30, 2004.

***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 \$56,399 at June 30, 2004. The agency fund had cash and cash equivalents held on-behalf of students in the amount of \$58,233 at June 30, 2004.

### **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 Trimble, 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, 2003.

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.

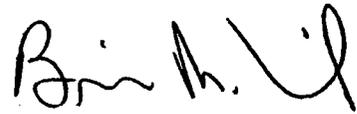
## Acknowledgements

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 E. Richards  
Superintendent



Brian W. Wilson  
Treasurer/CFO

**NEWARK CITY SCHOOL DISTRICT**

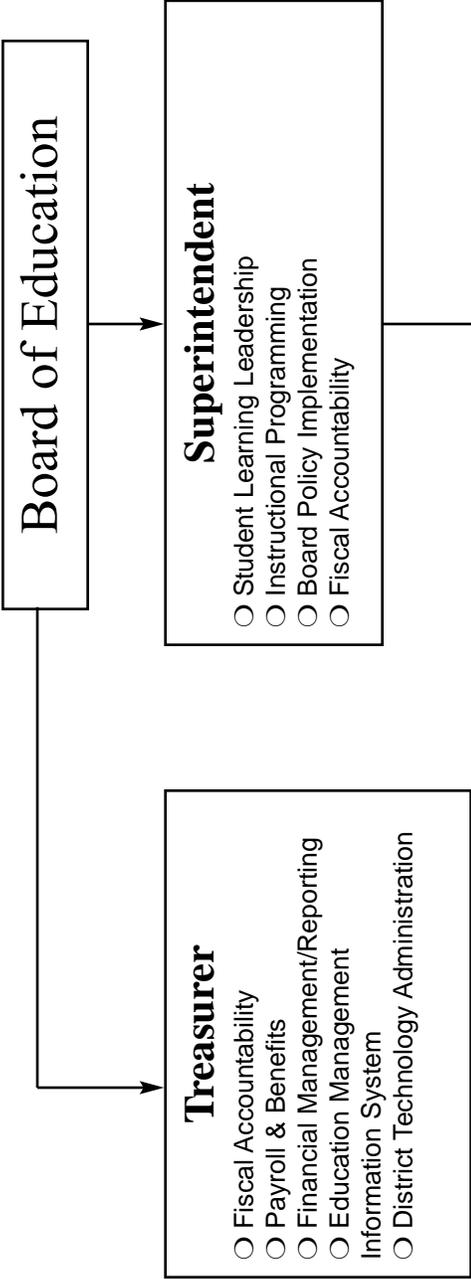
**List of Principal Officials**

**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 Kraeger	Board Member (1/1/04 – 12/31/07)

**Administration**

Keith E. Richards	Superintendent – (Hired 8/1/02)
Brian W. Wilson	Treasurer – (Hired 4/19/99)
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)
Randy C. Stortz	Chief Academic Advisor – (Hired 8/1/99)
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)



**Assistant Superintendent**

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

**Director of Certified Personnel**

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

**Director of Classified Personnel & Support Services**

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

**Director of Curriculum & Staff Development**

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

**Director of Communication**

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

**Directors of Special Education (2)**

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

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Newark City Schools,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2003

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



President

Executive Director

**THIS PAGE IS INTENTIONALLY LEFT BLANK**

---

## FINANCIAL SECTION

# TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

1445 Worthington Woods Boulevard  
Worthington, Ohio 43085

Telephone 614.846.1899  
Facsimile 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, its 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, 2004, 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, its major fund, and the aggregate remaining fund information of the Newark City School District, Licking County, Ohio, as of June 30, 2004, 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.A. to the basic financial statements, the District had a change in accounting principle by changing its available period. Also disclosed in Note 3.A., the District had a restatement due to a change in its capital asset threshold and errors and omissions as previously reported in capital assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2004, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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.



Trimble, Julian & Grube, Inc.  
September 10, 2004

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
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, 2004. 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 financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2004 are as follows:

- In total, net assets of governmental activities decreased \$2,037,513 which represents a 10.34% decrease from 2003.
- General revenues accounted for \$48,513,555 in revenue or 84.80% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$8,694,896 or 15.20% of total revenues of \$57,208,451.
- The District had \$59,245,964 in expenses related to governmental activities; only \$8,694,896 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 \$48,513,555 were not adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$46,926,555 in revenues and \$48,846,898 in expenditures and other financing uses. During fiscal 2004, the general fund's fund balance decreased \$1,920,343 from \$14,700,610 (as restated – see note 3.A) to \$12,780,267.

**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 the only governmental fund reported as a major fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
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 2004?" 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 takes 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 fund 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 only major fund is the general 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, 2004  
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 – F54 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	
	2004	2003
<b><u>Assets</u></b>		
Current assets	\$ 37,838,667	\$ 39,657,182
Capital assets, net	9,492,459	12,034,332
Total assets	47,331,126	51,691,514
<b><u>Liabilities</u></b>		
Current liabilities	20,805,922	20,739,394
Long-term liabilities	8,864,165	9,401,778
Total liabilities	29,670,087	30,141,172
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	9,152,844	11,505,731
Restricted	3,180,387	2,974,422
Unrestricted	5,327,808	7,070,189
Total net assets	\$ 17,661,039	\$ 21,550,342

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

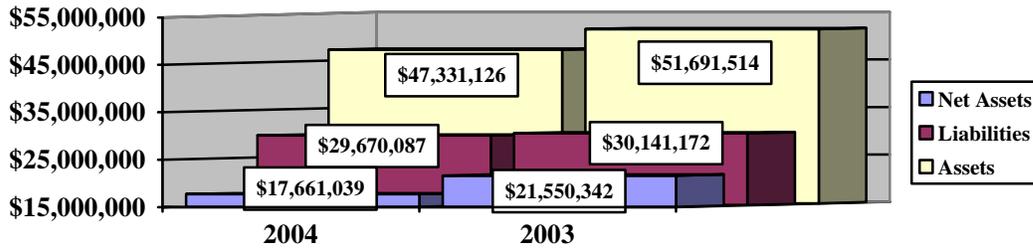
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED**

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2004, the District's assets exceeded liabilities by \$17,661,039.

At year-end, capital assets represented 20.06% 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, 2004, was \$9,152,844. 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, \$3,180,387, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$5,327,808 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, 2004 and 2003.

**Governmental Activities**



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED

The table below shows the changes in net assets for governmental activities for fiscal year 2004 compared to fiscal year 2003.

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 1,902,437	\$ 2,082,405
Operating grants and contributions	6,657,984	6,576,259
Capital grants and contributions	134,475	27,773
General revenues:		
Property taxes	16,307,433	16,059,057
School district income taxes	6,675,694	6,417,041
Grants and entitlements	25,130,747	22,430,681
Investment earnings	274,759	396,083
Other	<u>124,922</u>	<u>57,260</u>
Total revenues	<u>57,208,451</u>	<u>54,046,559</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	26,376,443	24,508,474
Special	6,345,783	5,795,463
Vocational	1,182,704	1,037,110
Other	16,306	9,625
Support services:		
Pupil	2,968,230	2,703,972
Instructional staff	3,946,139	3,486,646
Board of Education	237,432	237,865
Administration	4,191,719	3,988,909
Fiscal	1,032,761	1,006,549
Business	527,942	535,545
Operations and maintenance	4,960,836	4,744,279
Pupil transportation	2,167,866	2,068,391
Central	780,036	914,265
Operation of non-instructional services	321,243	83,422
Food service operations	2,382,382	2,270,663
Extracurricular activities	899,861	860,452
Intergovernmental pass through	571,244	694,466
Interest and fiscal charges	<u>337,037</u>	<u>383,297</u>
Total expenses	<u>59,245,964</u>	<u>55,329,393</u>
Changes in net assets	<u>\$ (2,037,513)</u>	<u>\$ (1,282,834)</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED

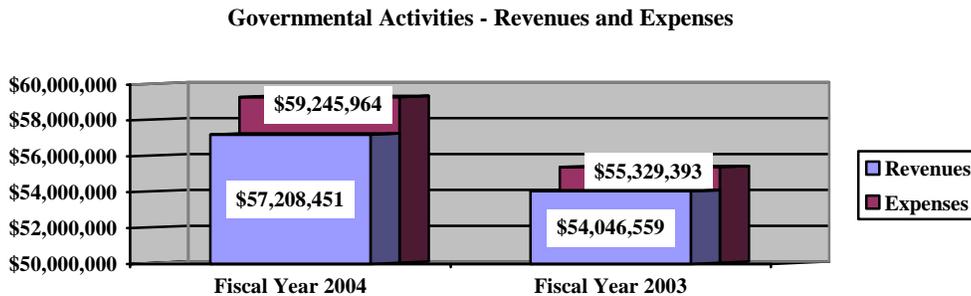
**Governmental Activities**

Net assets of the District's governmental activities decreased by \$2,037,513. Total governmental expenses of \$59,245,964 were offset by program revenues of \$8,694,896 and general revenues of \$48,513,555. Program revenues supported 14.68% 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 revenue sources total \$48,113,874 and represent 99.31% 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 through the fiscal year 2004. 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.

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2004 and 2003.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2004 compared to 2003. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

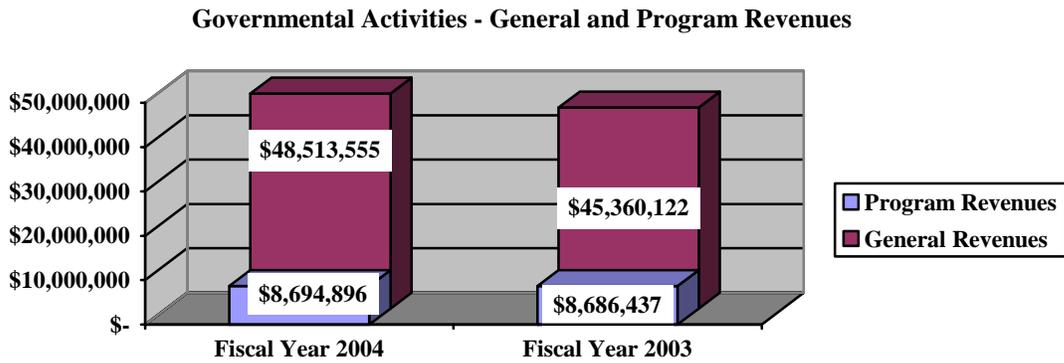
	<b>Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2004</u>	<u>2004</u>	<u>2003</u>	<u>2003</u>
Program expenses:				
Instruction:				
Regular	\$ 26,376,443	\$ 24,814,378	\$ 24,508,474	\$ 23,184,314
Special	6,345,783	4,220,808	5,795,463	3,796,391
Vocational	1,182,704	1,177,755	1,037,110	761,293
Other	16,306	16,306	9,625	9,625
Support services:				
Pupil	2,968,230	2,806,361	2,703,972	2,092,621
Instructional staff	3,946,139	2,956,463	3,486,646	2,442,601
Board of Education	237,432	237,432	237,865	237,865
Administration	4,191,719	3,911,782	3,988,909	3,882,175
Fiscal	1,032,761	989,780	1,006,549	995,879
Business	527,942	527,942	535,545	535,545
Operations and maintenance	4,960,836	4,913,270	4,744,279	4,744,279
Pupil transportation	2,167,866	2,107,993	2,068,391	2,042,247
Central	780,036	655,835	914,265	762,455
Operation of non-instructional services	321,243	(419,484)	83,422	9,862
Food service operations	2,382,382	81,205	2,270,663	81,238
Extracurricular activities	899,861	644,961	860,452	608,051
Intergovernmental pass through	571,244	571,244	694,466	73,218
Interest and fiscal charges	337,037	337,037	383,297	383,297
<b>Total expenses</b>	<b><u>\$ 59,245,964</u></b>	<b><u>\$ 50,551,068</u></b>	<b><u>\$ 55,329,393</u></b>	<b><u>\$ 46,642,956</u></b>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED

The dependence upon tax and other general revenues for governmental activities is apparent, 89.12% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 85.32%. 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 2004 and 2003.



**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page F16) reported a combined fund balance of \$15,419,187, which is lower than last year's total of \$17,181,435 (as restated see note 3.A). The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2004 and 2003.

	Fund Balance <u>June 30, 2004</u>	Fund Balance <u>June 30, 2003</u>	Increase <u>(Decrease)</u>
General	\$ 12,780,267	\$ 14,700,610	\$ (1,920,343)
Other Governmental	<u>2,638,920</u>	<u>2,480,825</u>	<u>158,095</u>
Total	<u>\$ 15,419,187</u>	<u>\$ 17,181,435</u>	<u>\$ (1,762,248)</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED

***General Fund***

The District's general fund balance decreased by \$1,920,343. 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 approximately 18% annually. The District has negotiated reductions in health insurance benefits that are hoped will reduce the rate of increase in this cost. The District has also 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.

	2004	2003
	<u>Amount</u>	<u>Amount</u>
<b><u>Revenues</u></b>		
Taxes	\$ 21,072,555	\$ 20,363,165
Tuition	377,784	365,798
Earnings on investments	246,773	427,039
Intergovernmental	24,893,488	22,764,994
Other revenues	<u>335,955</u>	<u>272,353</u>
Total	<u>\$ 46,926,555</u>	<u>\$ 44,193,349</u>
<b><u>Expenditures</u></b>		
Instruction	\$ 30,066,411	\$ 27,255,343
Support services	18,093,972	16,994,100
Operation of non-instructional services	5,599	90
Extracurricular activities	625,383	587,718
Facilities acquisition and construction	-	2,500
Intergovernmental pass-through	2,074	-
Debt service	<u>13,459</u>	<u>199,574</u>
Total	<u>\$ 48,806,898</u>	<u>\$ 45,039,325</u>

***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 2004, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues and other financing sources were \$44,805,910, which approximates the original budgeted revenues and other financing sources estimate of \$44,657,927. Actual revenues and other financing sources for fiscal 2004 were \$46,470,322. Actual revenues and other financing sources were \$1,664,412 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 \$48,772,971 were increased to \$50,162,058 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2004 totaled \$49,527,903, which was \$634,155 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2004, the District had \$9,492,459 invested in land, land improvements, buildings and improvements, construction in progress, furniture and equipment, and vehicles. The fiscal 2003 capital assets have been restated due to a change in the District's capitalization threshold and due to errors and omissions in the amounts previously reported (see Note 8 for details). This entire amount is reported in governmental activities. The following table shows fiscal 2004 balances compared to 2003:

	<b>Capital Assets at June 30</b>	
	<b>(Net of Depreciation)</b>	
	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
Land	\$ 774,622	\$ 774,622
Land improvements	176,968	158,795
Building and improvements	5,691,531	6,305,152
Furniture and equipment	1,591,234	1,753,042
Vehicles	1,246,020	1,184,183
Construction in progress	<u>12,084</u>	<u>6,748</u>
Total	<u>\$ 9,492,459</u>	<u>\$ 10,182,542</u>

The District acquired \$297,520 in new vehicles during fiscal 2004. Total additions to capital assets for 2004 were \$691,185 and total disposals were \$49,251 (net of accumulated depreciation). The overall decrease in capital assets of \$690,083 is primarily due to the recording of \$1,332,017 in depreciation expense for fiscal 2004.

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

***Debt Administration***

At June 30, 2004, the District had \$6,289,928 in general obligation bonds outstanding. Of this total, \$58,102 is due within one year and \$6,231,826 is due within greater than one year. The following table summarizes the bonds and notes outstanding at June 30, 2004 and 2003.

	<b>Outstanding Debt, at Year End</b>	
	Governmental	Governmental
	Activities	Activities
	<u>2004</u>	<u>2003</u>
General obligation bonds:		
Library improvement	\$ 6,289,928	\$ 6,524,928
Tax anticipation notes	<u>-</u>	<u>610,000</u>
Total	<u>\$ 6,289,928</u>	<u>\$ 7,134,928</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004  
UNAUDITED**

The tax anticipation notes were received in 1998. These notes matured during fiscal year 2004 and were paid. Payment of principal and interest on the tax anticipation note was made from the general fund.

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.

At June 30, 2004, the District's overall legal debt margin was \$61,164,557 with an unvoted debt margin of \$746,325. 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**

Overall, the District is strong financially. 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 beyond. However, 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. This was eliminated for FY2004. 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 excellent shape but if revenues do not begin to increase the District will need to look at ways to correct this problem.

**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 Mr. Brian Wilson, Treasurer at Newark City School District, 85 East Main Street, Newark, Ohio 43055.

THIS PAGE IS INTENTIONALLY LEFT BLANK

**THIS PAGE IS INTENTIONALLY LEFT BLANK**

BASIC  
FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS  
JUNE 30, 2004

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 16,843,741
Receivables:	
Property taxes . . . . .	16,863,260
School district income taxes . . . . .	2,379,507
Accounts . . . . .	88,626
Intergovernmental . . . . .	1,531,321
Accrued interest . . . . .	64,994
Prepayments . . . . .	35,437
Materials and supplies inventory . . . . .	31,781
Capital assets:	
Land and construction-in-progress. . . . .	786,706
Depreciable capital assets, net . . . . .	8,705,753
Total capital assets, net . . . . .	9,492,459
 Total assets. . . . .	 47,331,126
 <b>Liabilities:</b>	
Accounts payable. . . . .	178,348
Accrued wages and benefits . . . . .	5,148,286
Pension obligation payable. . . . .	1,770,076
Intergovernmental payable . . . . .	429,579
Deferred revenue . . . . .	13,191,472
Accrued interest payable . . . . .	25,102
Claims payable . . . . .	63,059
Long-term liabilities:	
Due within one year. . . . .	655,417
Due within more than one year . . . . .	8,208,748
 Total liabilities . . . . .	 29,670,087
 <b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	9,152,844
Restricted for:	
Capital projects . . . . .	1,599,158
Debt service. . . . .	288,412
Set-asides. . . . .	318,506
Other purposes . . . . .	974,311
Unrestricted. . . . .	5,327,808
 Total net assets. . . . .	 \$ 17,661,039

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, 2004

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 26,376,443	\$ 509,081	\$ 918,509	\$ 134,475	\$ (24,814,378)
Special . . . . .	6,345,783	-	2,124,975	-	(4,220,808)
Vocational . . . . .	1,182,704	-	4,949	-	(1,177,755)
Other . . . . .	16,306	-	-	-	(16,306)
Support services:					
Pupil . . . . .	2,968,230	-	161,869	-	(2,806,361)
Instructional staff . . . . .	3,946,139	-	989,676	-	(2,956,463)
Board of education. . . . .	237,432	-	-	-	(237,432)
Administration. . . . .	4,191,719	-	279,937	-	(3,911,782)
Fiscal. . . . .	1,032,761	25,413	17,568	-	(989,780)
Business. . . . .	527,942	-	-	-	(527,942)
Operations and maintenance . . . . .	4,960,836	-	47,566	-	(4,913,270)
Pupil transportation. . . . .	2,167,866	56,190	3,683	-	(2,107,993)
Central . . . . .	780,036	-	124,201	-	(655,835)
Operation of non-instructional					
services . . . . .	321,243	13,809	726,918	-	419,484
Food service operations . . . . .	2,382,382	1,111,397	1,189,780	-	(81,205)
Extracurricular activities. . . . .	899,861	186,547	68,353	-	(644,961)
Intergovernmental pass through . . . . .	571,244	-	-	-	(571,244)
Interest and fiscal charges . . . . .	337,037	-	-	-	(337,037)
<b>Totals . . . . .</b>	<b>\$ 59,245,964</b>	<b>\$ 1,902,437</b>	<b>\$ 6,657,984</b>	<b>\$ 134,475</b>	<b>(50,551,068)</b>

**General Revenues:**

Property taxes levied for:	
General purposes . . . . .	14,311,729
Debt service. . . . .	502,213
Capital outlay . . . . .	1,493,491
School district income taxes . . . . .	6,675,694
Grants and entitlements not restricted to specific programs . . . . .	25,130,747
Investment earnings . . . . .	274,759
Miscellaneous . . . . .	124,922
<b>Total general revenues . . . . .</b>	<b>48,513,555</b>
Change in net assets . . . . .	(2,037,513)
Net assets at beginning of year (restated). . . . .	19,698,552
Net assets at end of year . . . . .	<b>\$ 17,661,039</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2004

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 13,392,337	\$ 2,984,479	\$ 16,376,816
<b>Receivables:</b>			
Property taxes . . . . .	14,783,463	2,079,797	16,863,260
School district income tax . . . . .	2,379,507	-	2,379,507
Accounts . . . . .	82,673	5,953	88,626
Intergovernmental . . . . .	-	1,531,321	1,531,321
Accrued interest . . . . .	64,994	-	64,994
Interfund loans . . . . .	269,224	-	269,224
Prepayments . . . . .	33,965	1,472	35,437
Materials and supplies inventory . . . . .	-	31,781	31,781
<b>Restricted assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	318,506	-	318,506
<b>Total assets . . . . .</b>	<b><u>\$ 31,324,669</u></b>	<b><u>\$ 6,634,803</u></b>	<b><u>\$ 37,959,472</u></b>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 138,750	\$ 39,598	\$ 178,348
Accrued wages and benefits . . . . .	4,628,050	520,236	5,148,286
Compensated absences payable . . . . .	91,308	-	91,308
Pension obligation payable . . . . .	777,875	101,289	879,164
Intergovernmental payable . . . . .	388,508	41,071	429,579
Interfund loan payable . . . . .	-	269,224	269,224
Deferred revenue . . . . .	12,519,911	3,024,465	15,544,376
<b>Total liabilities . . . . .</b>	<b><u>18,544,402</u></b>	<b><u>3,995,883</u></b>	<b><u>22,540,285</u></b>
<b>Fund Balances:</b>			
Reserved for encumbrances . . . . .	527,143	893,946	1,421,089
Reserved for debt service . . . . .	-	207,705	207,705
Reserved for BWC refunds . . . . .	264,425	-	264,425
Reserved for textbooks/instructional materials . . . . .	54,081	-	54,081
Reserved for materials and supplies inventory . . . . .	-	31,781	31,781
Reserved for property tax unavailable for appropriation . . . . .	2,176,500	303,500	2,480,000
Reserved for prepayments . . . . .	33,965	1,472	35,437
<b>Unreserved:</b>			
Designated for budget stabilization . . . . .	669,981	-	669,981
<b>Undesignated, reported in:</b>			
General fund . . . . .	9,054,172	-	9,054,172
Special revenue funds . . . . .	-	442,626	442,626
Capital projects funds . . . . .	-	757,890	757,890
<b>Total fund balances . . . . .</b>	<b><u>12,780,267</u></b>	<b><u>2,638,920</u></b>	<b><u>15,419,187</u></b>
<b>Total liabilities and fund balances . . . . .</b>	<b><u>\$ 31,324,669</u></b>	<b><u>\$ 6,634,803</u></b>	<b><u>\$ 37,959,472</u></b>

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, 2004

<b>Total governmental fund balances</b>		\$	15,419,187
<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.			9,492,459
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	955,464	
Intergovernmental revenue		1,272,946	
Accrued interest		53,388	
Accounts		71,106	
Total			2,352,904
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.			85,360
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		6,289,928	
Compensated absences		2,143,314	
Capital lease obligation		339,615	
Pension obligation		890,912	
Accrued interest payable		25,102	
Total			(9,688,871)
<b>Net assets of governmental activities</b>		<b>\$</b>	<b>17,661,039</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Taxes . . . . .	\$ 21,072,555	\$ 2,007,027	\$ 23,079,582
Tuition . . . . .	377,784	-	377,784
Charges for services . . . . .	-	1,108,670	1,108,670
Earnings on investments . . . . .	246,773	8,491	255,264
Extracurricular . . . . .	247	200,781	201,028
Other local revenues . . . . .	335,708	181,848	517,556
Other revenue . . . . .	-	11,658	11,658
Intergovernmental - state . . . . .	24,661,933	1,955,458	26,617,391
Intergovernmental - federal . . . . .	231,555	4,629,329	4,860,884
<b>Total revenues . . . . .</b>	<b>46,926,555</b>	<b>10,103,262</b>	<b>57,029,817</b>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	24,563,478	1,397,780	25,961,258
Special . . . . .	4,326,448	1,985,311	6,311,759
Vocational . . . . .	1,160,179	16,596	1,176,775
Other . . . . .	16,306	-	16,306
Support Services:			
Pupil . . . . .	2,805,350	127,813	2,933,163
Instructional staff . . . . .	2,559,860	1,079,639	3,639,499
Board of education . . . . .	237,432	-	237,432
Administration . . . . .	3,890,156	370,122	4,260,278
Fiscal . . . . .	938,941	85,870	1,024,811
Business . . . . .	523,986	-	523,986
Operations and maintenance . . . . .	4,667,160	144,608	4,811,768
Pupil transportation . . . . .	1,899,005	199,716	2,098,721
Central . . . . .	572,082	210,339	782,421
Operation of non-instructional services . . . . .	5,599	101,495	107,094
Food service operation . . . . .	-	2,223,606	2,223,606
Extracurricular activities . . . . .	625,383	252,606	877,989
Facilities acquisition and construction . . . . .	-	467,077	467,077
Intergovernmental pass through . . . . .	2,074	568,918	570,992
Debt service:			
Principal retirement . . . . .	-	423,986	423,986
Interest and fiscal charges . . . . .	13,459	325,916	339,375
<b>Total expenditures . . . . .</b>	<b>48,806,898</b>	<b>9,981,398</b>	<b>58,788,296</b>
Excess of revenues under (over) expenditures . . . . .	(1,880,343)	121,864	(1,758,479)
<b>Other financing sources (uses):</b>			
Transfers in . . . . .	-	40,000	40,000
Transfers (out) . . . . .	(40,000)	-	(40,000)
<b>Total other financing sources (uses) . . . . .</b>	<b>(40,000)</b>	<b>40,000</b>	<b>-</b>
Net change in fund balances . . . . .	(1,920,343)	161,864	(1,758,479)
<b>Fund balances at beginning of year</b>			
<b>(restated) . . . . .</b>	<b>14,700,610</b>	<b>2,480,825</b>	<b>17,181,435</b>
<b>Decrease in reserve for inventory . . . . .</b>	<b>-</b>	<b>(3,769)</b>	<b>(3,769)</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 12,780,267</b>	<b>\$ 2,638,920</b>	<b>\$ 15,419,187</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

<b>Net change in fund balances - total governmental funds</b>	\$	(1,758,479)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$1,332,017) exceeds capital outlays (\$684,437) in the current period.		(647,580)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.		(42,503)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities they are reported as an expense when consumed.		(3,769)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		178,634
Repayment of bond and capital lease obligation principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net assets.		423,986
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		2,338
Some expenses reported in the statement of activities, such as compensated absences and pension obligations, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(195,581)
The internal service fund used by management to charge the costs of dental insurance to individual funds is not reported in the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue of the internal service fund is allocated among the governmental activities.		5,441
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b><u>(2,037,513)</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 20,545,211	\$ 20,613,338	\$ 20,461,258	\$ (152,080)
Tuition . . . . .	287,447	288,400	369,387	80,987
Earnings on investments . . . . .	269,108	270,000	290,460	20,460
Extracurricular . . . . .	300	300	247	(53)
Other local revenue . . . . .	247,545	248,366	319,796	71,430
Intergovernmental-state . . . . .	23,039,110	23,115,506	24,661,933	1,546,427
Intergovernmental-federal . . . . .	239,206	240,000	298,302	58,302
Total revenues . . . . .	<u>44,627,927</u>	<u>44,775,910</u>	<u>46,401,383</u>	<u>1,625,473</u>
<b>Expenditures:</b>				
Salaries and wages . . . . .	31,049,160	32,044,000	31,797,445	246,555
Fringe benefits . . . . .	9,526,840	9,544,899	9,518,677	26,222
Purchased services . . . . .	4,450,366	4,867,894	4,508,810	359,084
Supplies and materials . . . . .	2,131,362	2,264,501	2,158,311	106,190
Capital outlay . . . . .	105,500	75,500	58,306	17,194
Other . . . . .	673,743	657,264	605,193	52,071
Debt service . . . . .	156,000	2,000	1,767	233
Total expenditures . . . . .	<u>48,092,971</u>	<u>49,456,058</u>	<u>48,648,509</u>	<u>807,549</u>
Excess of revenues over (under) expenditures . . . . .	<u>(3,465,044)</u>	<u>(4,680,148)</u>	<u>(2,247,126)</u>	<u>2,433,022</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's receipts . . . . .	-	(174)	(174)	-
Refund of prior year expenditures . . . . .	30,000	30,000	42,569	12,569
Other miscellaneous use of funds . . . . .	(6,000)	(6,000)	(5,966)	34
Transfers (out) . . . . .	(674,000)	(673,400)	(664,030)	9,370
Advances in . . . . .	-	-	26,370	26,370
Advances (out) . . . . .	-	(26,426)	(209,224)	(182,798)
Total other financing sources (uses) . . . . .	<u>(650,000)</u>	<u>(676,000)</u>	<u>(810,455)</u>	<u>(134,455)</u>
Net change in fund balance . . . . .	(4,115,044)	(5,356,148)	(3,057,581)	2,298,567
Fund balance at beginning of year . . . . .	15,364,776	15,364,776	15,364,776	-
Prior year encumbrances appropriated . . . . .	757,058	757,058	757,058	-
Fund balance at end of year . . . . .	<u>\$ 12,006,790</u>	<u>\$ 10,765,686</u>	<u>\$ 13,064,253</u>	<u>\$ 2,298,567</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO

STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2004

	<u>Governmental Activities - Internal Service Fund</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 148,419
Total assets. . . . .	<u>148,419</u>
<b>Liabilities:</b>	
Claims payable . . . . .	<u>63,059</u>
Total liabilities . . . . .	<u>63,059</u>
<b>Net assets:</b>	
Unrestricted. . . . .	<u>85,360</u>
Total net assets . . . . .	<u>\$ 85,360</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, 2004

	<u>Governmental Activities - Internal Service Fund</u>
<b>Operating revenues:</b>	
Charges for services. . . . .	\$ 483,334
Total operating revenues . . . . .	<u>483,334</u>
<b>Operating expenses:</b>	
Purchased services. . . . .	34,050
Claims . . . . .	<u>443,843</u>
Total operating expenses . . . . .	<u>477,893</u>
Operating income and change in net assets. .	5,441
<b>Net assets at beginning of year . . . . .</b>	<u>79,919</u>
<b>Net assets at end of year. . . . .</b>	<u><u>\$ 85,360</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, 2004

	<u>Governmental Activities - Internal Service Fund</u>
<b>Cash flows from operating activities:</b>	
Cash receipts from charges for services . . . . .	\$ 483,334
Cash payments for purchased services . . . . .	(34,050)
Cash payments for claims . . . . .	<u>(420,150)</u>
Net cash provided by operating activities . . . . .	29,134
<b>Cash and cash equivalents at beginning of year . . .</b>	<u>119,285</u>
<b>Cash and cash equivalents at end of year. . . . .</b>	<u><u>\$ 148,419</u></u>
 <b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income . . . . .	\$ 5,441
Changes in assets and liabilities:	
Increase in claims payable. . . . .	<u>23,693</u>
Net cash provided by operating activities . . . . .	<u><u>\$ 29,134</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, 2004

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 56,399	\$ 58,233
Total assets. . . . .	56,399	58,233
<b>Liabilities:</b>		
Due to students . . . . .	-	58,233
Total liabilities . . . . .	-	\$ 58,233
<b>Net Assets:</b>		
Held in trust for scholarships . . . . .	56,399	
Total net assets . . . . .	\$ 56,399	

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, 2004

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 556
Gifts and contributions. . . . .	1,100
	1,656
<b>Deductions:</b>	
Scholarships awarded . . . . .	4,346
Change in net assets . . . . .	(2,690)
<b>Net assets at beginning of year . . . . .</b>	<b>59,089</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 56,399</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**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 347 non-certified employees, 587 certified employees and 38 administrators, to provide services to approximately 6,878 students in grades K through 12. The District ranks as the 40 largest by total enrollment among the 613 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". 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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or 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 this criteria, the District has no component units. 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, 2004

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

*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 consortium. The purpose of the consortium is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All Districts in the consortium 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 consortium 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 \$232,360 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*

Ohio School Boards Association Workers' Compensation Group Rating Program

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Program (the "GRP") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

*RELATED ORGANIZATIONS*

Newark Public Library (the "Library")

The Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. A Board of Trustees appointed by the District's Board of Education governs the Library. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the District for operational subsidies. Although the District serves as the taxing authority and may issue tax-related debt on behalf of the Library, its role is limited to an administrative 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

Newark Digital Academy (the "Academy")

The Academy is a community school created under Chapter 3314 of the Ohio Revised Code. A Board of Trustees appointed by the District's Board of Education governs the Academy. 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. The Academy is not considered part of the District, and its operations are not included in 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 is the District's major governmental fund:

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.

The other governmental funds of the District account for food service operations and grants and other resources whose use is restricted to a particular purpose.

*PROPRIETARY FUNDS*

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

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

*FIDUCIARY FUNDS*

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

**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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

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

**D. Basis of Accounting**

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, includes property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6). Revenue from income taxes is recognized in the fiscal year in which the underlying exchange transaction occurred (see Note 18). 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, 2004, but which were levied to finance fiscal year 2005 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

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

**E. Budgets**

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

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

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 does 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.

During fiscal year 2004, investments were limited to overnight repurchase agreements, federal agency securities, and investments in the State Asset Treasury 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 2004. 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, 2004.

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 2004 amounted to \$246,773, which includes \$34,725 assigned from other District funds.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

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 Treasurer'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. During fiscal 2004, the District has changed the capitalization threshold from \$1,000 to \$5,000, (see Note 8 for the restatement of capital assets). The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

**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.

**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, textbooks/instructional materials, 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

**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 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 and to create a reserve for textbooks/instructional materials. See Note 19 for details.

**Q. Interfund Activity**

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

**R. Nonpublic Schools**

Within the boundaries of the District, Saint Francis Elementary, Blessed Sacrament Elementary, and Newark Catholic High School are operated through the Columbus Catholic Diocese; 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.

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2004.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principle**

The District has presented a prior period adjustment to reflect a change in the District's available period for revenue recognition from sixty days to thirty-one days. This change in accounting principle had the following effect on fund balance as previously reported:

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Fund balance, June 30, 2003	\$14,717,361	\$2,480,825	\$17,198,186
Restatement of available period	<u>(16,751)</u>	<u>-</u>	<u>(16,751)</u>
Restated fund balance, June 30, 2003	<u>\$14,700,610</u>	<u>\$2,480,825</u>	<u>\$17,181,435</u>

The District also presented a change in capitalization threshold from \$1,000 to \$5,000, and a correction due to errors and omissions as previously reported which effects net assets as follows:

	<u>Total</u>
Net assets, June 30, 2003	\$21,550,342
Restatement of capitalization threshold	<u>(1,851,790)</u>
Restated net assets, June 30, 2003	<u>\$19,698,552</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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

**B. Deficit Fund Balances/Retained Earnings**

Fund balances/retained earnings at June 30, 2004 included the following individual fund deficits:

	<u>Deficit</u>
<u>Nonmajor Funds</u>	
Management Information Systems	\$ 11,419
Disadvantaged Pupil Impact Aid (DPIA)	41,284
Student Intervention	19,340
Title II	1,241
Title VI-B	64,304
Title I	234,151
EHA Preschool Grant	1,385

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. 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.

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the financial statements as "Equity in Pooled Cash and Cash Equivalents". Statutes require the classification of 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 the Board of Education has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)**

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 2% 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 Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

*Cash on hand:* At fiscal year-end, the District had \$4,012 in undeposited cash on hand which is included on the balance sheet and statement of net assets of the District as part of "Equity in Pooled Cash and Cash Equivalents".

The following information classifies deposits and investments by categories of custodial credit risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

*Deposits:* At year-end, the carrying amount of the District's deposits was \$(187,675) and the bank balance was \$242,603. A liability was not recorded for the negative carrying amount of deposits because there was no actual overdraft due to the "zero-balance" nature of the District's bank accounts. The negative carrying amount of deposits is due to the sweeping of monies into overnight repurchase agreements, which are reported as "investments". Of the bank balance:

1. \$100,000 was covered by federal depository insurance or surety company bonds deposited with the District; and

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)**

2. \$142,603 was uninsured and unregistered as defined by GASB although it was secured by collateral held by third party trustees, pursuant to section 135.181 Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

Collateral is required for demand deposits and certificates of deposit in excess of all deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State of Ohio and its municipalities, and obligations of the other states. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

*Investments:* The District's investments are categorized below to give an indication of the level of custodial credit risk assumed by the entity at fiscal year-end. Category 1 includes investments that are insured or registered or securities held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the District's name. Investments in STAR Ohio are not categorized as they are not evidenced by securities that exist in physical or book entry form.

	Category 1	Category 2	Category 3	Reported Amount	Fair Value
Repurchase agreements	\$ -	\$ -	\$384,770	\$ 384,770	\$ 384,770
Federal agency securities	-	15,403,495	-	15,403,495	15,403,495
Total	\$ -	\$ 15,403,495	\$384,770		
Investment in STAR Ohio				1,353,771	1,353,771
Total investments				\$17,142,036	\$17,142,036

The classification of cash and cash equivalents and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the basic financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$ 16,958,373	\$ -
Investments of the cash management pool:		
Repurchase agreements	(384,770)	384,770
Federal agency securities	(15,403,495)	15,403,495
Investment in STAR Ohio	(1,353,771)	1,353,771
Cash on hand	(4,012)	-
GASB Statement No. 3	\$ (187,675)	\$ 17,142,036

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**NOTE 5 - INTERFUND TRANSACTIONS**

- A.** Interfund balances at June 30, 2004 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	School Activity Trusts (special revenue fund)	\$ 35,000
General	Management Information Systems (special revenue fund)	25,000
General	Title VI-B (special revenue fund)	119,641
General	Student Intervention (special revenue fund)	12,231
General	Title I (special revenue fund)	72,867
General	Drug-Free Schools Grant (special revenue fund)	2,172
General	EHA Preschool Grant (special revenue fund)	57
General	Miscellaneous Federal Grants (special revenue fund)	<u>2,256</u>
Total		<u>\$ 269,224</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.

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, 2004, consisted of the following, as reported on the fund financial statements:

Transfers to Nonmajor Governmental funds from:

General fund	\$ 40,000
--------------	-----------

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**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 2004 for real and public utility property taxes represents collections of calendar 2003 taxes. Property tax payments received during calendar 2003 for tangible personal property (other than public utility property) are for calendar 2003 taxes.

2004 real property taxes are levied after April 1, 2004, on the assessed value listed as of the prior January 1, 2003 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. 2004 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.

2004 tangible personal property taxes are levied after April 1, 2002, on the values as of December 31, 2003. Collections are made in 2004. Tangible personal property assessments are twenty-five percent of true value.

The full tax rate for District operations for the year ended June 30, 2004, was \$33.40 per \$1,000.00 of assessed value. The assessed values of real and tangible personal property for tax year 2003 are as follows:

Real property	\$652,575,730
Public utility property	27,644,720
Tangible personal property	<u>66,104,880</u>
Total assessed valuation	<u>\$746,325,330</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 2004 tangible personal property tax settlement was not received until July of 2004.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable as of June 30, 2004. 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, 2004, was \$2,480,000 and is recognized as revenue. \$2,176,500 was available to the general fund, \$77,500 was available to the bond retirement debt service fund and \$226,000 was available to the permanent improvement capital projects fund. The amount that was available for advance at June 30, 2003 was \$1,704,700 to the general fund, \$58,400 to the bond retirement debt service fund and \$176,900 to the permanent improvement capital projects fund.

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2004 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, internal loans and 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	\$ 16,863,260
School district income tax	2,379,507
Accounts	88,626
Intergovernmental	1,531,321
Accrued interest	<u>64,994</u>
 Total	 <u><u>\$ 20,927,708</u></u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**NOTE 8 - CAPITAL ASSETS**

- A. The capital asset balances of the governmental activities have been restated due to a change in the District's capital asset policy and due to errors and omissions previously reported as capital assets (see Note 2.H. for detail):

	<u>Balance</u> <u>06/30/03</u>	<u>Adjustments</u>	<u>Restated</u> <u>Balance</u> <u>06/30/03</u>
<b>Governmental Activities:</b>			
<i>Capital assets, not being depreciated:</i>			
Land	\$ 801,394	\$ (26,772)	\$ 774,622
Construction in progress	<u>6,748</u>	<u>-</u>	<u>6,748</u>
Total capital assets, not being depreciated	<u>808,142</u>	<u>(26,772)</u>	<u>781,370</u>
<i>Capital assets, being depreciated:</i>			
Land improvements	298,649	(9,554)	289,095
Building and improvements	23,584,631	(462,312)	23,122,319
Furniture and equipment	8,765,241	(5,635,714)	3,129,527
Vehicles	<u>2,675,480</u>	<u>77,228</u>	<u>2,752,708</u>
Total capital assets, being depreciated	<u>35,324,001</u>	<u>(6,030,352)</u>	<u>29,293,649</u>
<i>Less: accumulated depreciation</i>	<u>(24,097,811)</u>	<u>4,205,334</u>	<u>(19,892,477)</u>
Governmental activities capital assets, net	<u>\$ 12,034,332</u>	<u>\$ (1,851,790)</u>	<u>\$ 10,182,542</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**NOTE 8 - CAPITAL ASSETS - (Continued)**

**B.** Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	Restated Balance <u>06/30/03</u>	Additions	Deductions	Balance 06/30/04
<i>Capital assets, not being depreciated:</i>				
Land	\$ 774,622	\$ -	\$ -	\$ 774,622
Construction in progress	<u>6,748</u>	<u>12,084</u>	<u>(6,748)</u>	<u>12,084</u>
Total capital assets, not being depreciated	<u>781,370</u>	<u>12,084</u>	<u>(6,748)</u>	<u>786,706</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	289,095	49,880	-	338,975
Building and improvements	23,122,319	152,564	(6,723)	23,268,160
Furniture and equipment	3,129,527	179,137	(186,300)	3,122,364
Vehicles	<u>2,752,708</u>	<u>297,520</u>	<u>(33,802)</u>	<u>3,016,426</u>
Total capital assets, being depreciated	<u>29,293,649</u>	<u>679,101</u>	<u>(226,825)</u>	<u>29,745,925</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(130,300)	(31,707)	-	(162,007)
Building and improvements	(16,817,167)	(764,448)	4,986	(17,576,629)
Furniture and equipment	(1,376,485)	(310,977)	156,332	(1,531,130)
Vehicles	<u>(1,568,525)</u>	<u>(224,885)</u>	<u>23,004</u>	<u>(1,770,406)</u>
Total accumulated depreciation	<u>(19,892,477)</u>	<u>(1,332,017)</u>	<u>184,322</u>	<u>(21,040,172)</u>
Governmental activities capital assets, net	<u>\$ 10,182,542</u>	<u>\$ (640,832)</u>	<u>\$ (49,251)</u>	<u>\$ 9,492,459</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 676,268
Special	4,196
Vocational	25,272

Support Services:

Pupil	26,368
Instructional staff	108,153
Administration	51,923
Fiscal	2,832
Business	2,981
Operations and maintenance	87,282
Pupil transportation	226,137
Central	25,752
Non-instructional services	12,848
Extracurricular activities	20,731
Food service operations	<u>61,274</u>
Total depreciation expense	<u>\$ 1,332,017</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**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 2004 totaled \$188,986; \$137,964 in the debt service fund and \$51,022 in the capital projects 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, 2004:

<u>Fiscal Year Ending June 30,</u>	<u>Copier</u>	<u>Exercise Equipment</u>	<u>Total</u>
2005	\$ 155,721	\$ 54,737	\$ 210,458
2006	<u>116,791</u>	<u>27,369</u>	<u>144,160</u>
Total minimum lease payments	272,512	82,106	354,618
Less: amount representing interest	<u>(12,803)</u>	<u>(2,200)</u>	<u>(15,003)</u>
Total	<u>\$ 259,709</u>	<u>\$ 79,906</u>	<u>\$ 339,615</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**NOTE 10 - LONG-TERM OBLIGATIONS**

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

	Interest	Balance			Balance	Amounts
	Rate	Outstanding	Additions	Reductions	Outstanding	Due in
		06/30/03			06/30/04	One Year
<b>Governmental Activities:</b>						
<u>General Obligation Bonds:</u>						
Library improvements bonds	5.15%	\$ 6,524,928	\$ -	\$ (235,000)	\$ 6,289,928	\$ 58,102
Total general obligation bonds payable		<u>\$ 6,524,928</u>	<u>\$ -</u>	<u>\$ (235,000)</u>	<u>\$ 6,289,928</u>	<u>\$ 58,102</u>
<u>Other Long-Term Obligations:</u>						
Capital lease obligation		\$ 528,601	\$ -	\$ (188,986)	\$ 339,615	\$ 188,986
Compensated absences		<u>2,348,249</u>	<u>151,328</u>	<u>(264,955)</u>	<u>2,234,622</u>	<u>408,329</u>
Total other long-term obligations		<u>\$ 2,876,850</u>	<u>\$ 151,328</u>	<u>\$ (453,941)</u>	<u>\$ 2,574,237</u>	<u>\$ 597,315</u>
Total governmental activities		<u>\$ 9,401,778</u>	<u>\$ 151,328</u>	<u>\$ (688,941)</u>	<u>\$ 8,864,165</u>	<u>\$ 655,417</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 each December 1, 2004 and 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.

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 debt service 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, 2004

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

- B.** Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2004, are as follows:

<u>Year Ended</u>	<u>Library Improvement Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 58,102	\$ 483,116	\$ 541,218
2006	46,826	494,391	541,217
2007	245,000	295,705	540,705
2008	255,000	284,391	539,391
2009	270,000	272,447	542,447
2010 - 2014	1,535,000	1,157,656	2,692,656
2015 - 2019	1,945,000	736,172	2,681,172
2020 - 2023	1,935,000	199,375	2,134,375
Total	<u>\$ 6,289,928</u>	<u>\$ 3,923,253</u>	<u>\$ 10,213,181</u>

**C. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District.

The effects of these debt limitations at June 30, 2004 are a voted debt margin of \$61,164,557 (including available funds of \$285,205) and an unvoted debt margin of \$746,325.

**NOTE 11 - NOTES PAYABLE**

The tax anticipation notes described below have been issued in anticipation of tax revenue and were retired through the general fund during fiscal 2004. These notes were backed by the full faith and credit of the District.

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Notes Outstanding</u>		<u>Notes Outstanding</u>	
			<u>06/30/03</u>	<u>Issued</u>	<u>Retired</u>	<u>06/30/04</u>
Tax anticipation notes	4.60%	04/08/98	<u>\$ 610,000</u>	<u>\$ -</u>	<u>\$(610,000)</u>	<u>\$ -</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**NOTE 12 - 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.

**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 13 - RISK MANAGEMENT**

**A. Comprehensive**

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 2004, the District has contracted with Nationwide Insurance to provide insurance coverage in the following amounts:

<u>Limits of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
General liability:		
Each occurrence	\$ 3,000,000	\$ 0
Aggregate	5,000,000	0
Fleet:		
Comprehensive	1,000,000	Actual cash value
Collision	1,000,000	250
Umbrella liability and fleet	2,000,000	10,000
Building and contents	84,847,600	10,000

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**NOTE 13 - RISK MANAGEMENT - (Continued)**

**B. Group Health and Dental Insurance**

Health, life, dental and other group insurance is offered to employees as a fringe benefit. Employer and employee contributions to premium are determined by negotiated agreements with employee labor unions (currently, single and family coverage is 75% Board-paid and 25% employee-paid).

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

The District's Employee Benefits Self-Insurance Fund (an internal service fund) accounts for and finances its self-insurance dental program. Fiscal year 2003 was the first year claims were submitted under this new program. Under this program, the Employee Benefits Self-Insurance Fund provides coverage for up to a maximum of \$2,500 for each individual covered. The District purchases commercial insurance for claims in excess of coverage provided by the Fund and for all other risks of loss.

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 \$63,059 reported in the basic financial statements at June 30, 2004, 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 activity 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>
2003 - 2004	\$ 39,366	\$ 443,843	\$(420,150)	\$ 63,059
2002 - 2003	-	403,660	(364,294)	39,366

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**NOTE 13 - RISK MANAGEMENT - (Continued)**

**C. OSBA Group Workers' Compensation Rating Program**

For fiscal year 2004, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2.A.). 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 calculated as one experience and a common premium rate is applied to all school districts in the GRP. 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 the GRP.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

**NOTE 14 - 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 administered by the School Employees Retirement Board. 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, Columbus, Ohio 43215, or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute 14% for 2004, 8.17% was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the School Employees Retirement Board within the rates allowed by state statute. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2004, 2003 and 2002 were \$1,014,370, \$980,728, and \$919,617, respectively; 42% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002. \$585,156 represents the unpaid contribution for fiscal year 2004.

**B. State Teachers Retirement System**

Certified teachers employed by the school for the Mentally Retarded/Developmentally Disabled participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS Ohio provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

STRS Ohio issues a publicly available financial report that includes financial statements and required supplementary information for STRS Ohio. That report may be obtained by writing to or by calling (614) 227-4090 the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771.

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. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. 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.

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by STRS Ohio Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions for pension obligations to STRS Ohio for the years ended December 31, 2004, 2003, and 2002 were \$3,927,459, \$3,572,474, and \$3,384,920, respectively; 83% has been contributed for fiscal year 2004 and 100% for the fiscal years 2003 and 2002. \$668,932 represents the unpaid contribution for fiscal year 2004.

**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, 2004, certain members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

**NOTE 15 - 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 this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$280,533 during fiscal 2004.

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$2.8 billion at June 30, 2003 (the latest information available). For the fiscal year ended June 30, 2003 (the latest information available), net health care costs paid by STRS were \$352.301 million and STRS had 108,294 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. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 5.83% 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 2004, the minimum pay has been established at \$14,500. 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.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2003 (the latest information available) were \$204,930,737 million and the target level was \$307.4 million. At June 30, 2003, (the latest information available) SERS had net assets available for payment of health care benefits of \$303.6 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$563,977 during the 2004 fiscal year.

**NOTE 16 - 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);

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

- (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:

<b>Net Change in Fund Balance</b>	<u>General Fund</u>
Budget basis	\$ (3,057,581)
Net adjustment for revenue accruals	525,172
Net adjustment for expenditure accruals	(793,171)
Net adjustment for other sources/uses	770,455
Adjustment for encumbrances	<u>634,782</u>
GAAP basis	<u>\$ (1,920,343)</u>

**NOTE 17 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

**NOTE 17 - CONTINGENCIES - (Continued)**

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 18 - 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 19 - 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, 2004, the reserve activity was as follows:

	Textbooks/ Instructional	Capital	<u>Budget Stabilization</u>	
	<u>Materials</u>	<u>Acquisition</u>	<u>Designated</u>	<u>Reserved</u>
Set-aside cash balance as of June 30, 2003	\$ 156,392	\$ -	\$ 669,981	\$ 264,425
Current year set-aside requirement	943,116	943,116	-	-
Current year offsets	-	(1,460,116)	-	-
Qualifying disbursements	<u>(1,045,427)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 54,081</u>	<u>\$ (517,000)</u>	<u>\$ 669,981</u>	<u>\$ 264,425</u>
Balance carried forward to FY 2005	<u>\$ 54,081</u>	<u>\$ -</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.

Although the District had offsets during the year that reduced the set-aside amounts below zero for the capital acquisition reserve, this extra amount may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

A schedule of the governmental fund restricted assets at June 30, 2004 follows:

Amount restricted for BWC refunds	\$264,425
Amount restricted for textbooks/ instructional materials	<u>54,081</u>
Total restricted assets	<u>\$318,506</u>

COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES

THIS PAGE IS INTENTIONALLY LEFT BLANK

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.

**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.

**Extended Learning Opportunity**

To account for monies that are used to provide intervention services to those elementary students that are "at risk" of not passing the 4th grade Reading proficiency test. These funds were awarded to districts for the purpose of extending learning opportunities for young at-risk readers.

**Miscellaneous State Grants**

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

**Title II - Eisenhower**

To account for federal funds used in the training of teachers in new techniques and methodologies in the areas of mathematics and science. The budget versus actual statement is not presented due to no activity in fiscal year 2004.

**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.

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

**COMBINING STATEMENTS - NONMAJOR FUNDS**

**Nonmajor Special Revenue Funds (Continued)**

**Title VI**

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

**Drug Free Schools Program**

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

**EHA Preschool Grant**

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

**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 throughout 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 STATEMENTS - NONMAJOR FUNDS

**Nonmajor Debt Service Fund**

A fund used to account for the accumulation of resources and payment of general obligation bond principal and interest and certain long-term obligations from governmental resources when the government is obligated in some manner for payment. It is also used to account for the accumulation of resources and payment of general obligation notes payable, as required by Ohio Law. The District maintains only one debt service fund, therefore, combining statements and schedules are not required.

**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 GOVERNMENTAL FUNDS  
JUNE 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 1,429,765	\$ 202,446	\$ 1,352,268	\$ 2,984,479
Receivables:				
Property taxes . . . . .	-	511,859	1,567,938	2,079,797
Accounts. . . . .	5,953	-	-	5,953
Intergovernmental . . . . .	1,531,321	-	-	1,531,321
Prepayments. . . . .	1,472	-	-	1,472
Materials and supplies inventory . . . . .	31,781	-	-	31,781
<b>Total assets. . . . .</b>	<b>\$ 3,000,292</b>	<b>\$ 714,305</b>	<b>\$ 2,920,206</b>	<b>\$ 6,634,803</b>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 39,598	\$ -	\$ -	\$ 39,598
Accrued wages and benefits . . . . .	520,236	-	-	520,236
Pension obligation payable. . . . .	101,289	-	-	101,289
Intergovernmental payable . . . . .	39,801	255	1,015	41,071
Interfund loan payable . . . . .	269,224	-	-	269,224
Deferred revenue. . . . .	1,275,587	428,845	1,320,033	3,024,465
<b>Total liabilities. . . . .</b>	<b>2,245,735</b>	<b>429,100</b>	<b>1,321,048</b>	<b>3,995,883</b>
<b>Fund balances:</b>				
Reserved for encumbrances . . . . .	278,678	-	615,268	893,946
Reserved for debt service . . . . .	-	207,705	-	207,705
Reserved for materials and supplies inventory . . . . .	31,781	-	-	31,781
Reserved for property tax unavailable for appropriation . . . . .	-	77,500	226,000	303,500
Reserved for prepayments . . . . .	1,472	-	-	1,472
Unreserved, undesignated, reported in:				
Special revenue funds . . . . .	442,626	-	-	442,626
Capital projects funds . . . . .	-	-	757,890	757,890
<b>Total fund balances . . . . .</b>	<b>754,557</b>	<b>285,205</b>	<b>1,599,158</b>	<b>2,638,920</b>
<b>Total liabilities and fund balances . . . . .</b>	<b>\$ 3,000,292</b>	<b>\$ 714,305</b>	<b>\$ 2,920,206</b>	<b>\$ 6,634,803</b>

**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, 2004

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Fund</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ -	\$ 505,331	\$ 1,501,696	\$ 2,007,027
Charges for services . . . . .	1,108,670	-	-	1,108,670
Earnings on investments . . . . .	8,491	-	-	8,491
Extracurricular . . . . .	200,781	-	-	200,781
Other local revenues . . . . .	140,795	-	41,053	181,848
Other revenues . . . . .	11,658	-	-	11,658
Intergovernmental - state . . . . .	1,583,724	61,268	310,466	1,955,458
Intergovernmental - federal . . . . .	4,629,329	-	-	4,629,329
Total revenues . . . . .	7,683,448	566,599	1,853,215	10,103,262
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	844,684	-	553,096	1,397,780
Special . . . . .	1,985,311	-	-	1,985,311
Vocational . . . . .	8,498	-	8,098	16,596
Support services:				
Pupil . . . . .	121,259	-	6,554	127,813
Instructional staff . . . . .	1,078,077	-	1,562	1,079,639
Administration . . . . .	283,690	-	86,432	370,122
Fiscal . . . . .	40,254	8,785	36,831	85,870
Operations and maintenance . . . . .	43,775	-	100,833	144,608
Pupil transportation . . . . .	3,916	-	195,800	199,716
Central . . . . .	190,113	-	20,226	210,339
Operation of non-instructional services . . . . .	101,495	-	-	101,495
Food service operation . . . . .	2,223,606	-	-	2,223,606
Extracurricular activities . . . . .	244,206	-	8,400	252,606
Facilities acquisition and construction . . . . .	-	-	467,077	467,077
Intergovernmental pass through . . . . .	568,918	-	-	568,918
Debt service:				
Principal retirement . . . . .	-	372,964	51,022	423,986
Interest and fiscal charges . . . . .	-	322,201	3,715	325,916
Total expenditures . . . . .	7,737,802	703,950	1,539,646	9,981,398
Excess of revenues over (under) expenditures . . . . .	(54,354)	(137,351)	313,569	121,864
<b>Other financing sources:</b>				
Transfers in . . . . .	40,000	-	-	40,000
Total other financing sources . . . . .	40,000	-	-	40,000
Net change in fund balances . . . . .	(14,354)	(137,351)	313,569	161,864
<b>Fund balances at beginning of year . . . . .</b>	772,680	422,556	1,285,589	2,480,825
<b>Increase in reserve for inventory . . . . .</b>	(3,769)	-	-	(3,769)
<b>Fund balances at end of year . . . . .</b>	\$ 754,557	\$ 285,205	\$ 1,599,158	\$ 2,638,920

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2004

	<u>Public School Support</u>	<u>Miscellaneous Grants</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 77,840	\$ 139,051	\$ 72,592	\$ 139,272
Receivables:				
Accounts. . . . .	-	-	-	-
Intergovernmental . . . . .	-	-	-	-
Prepayments. . . . .	-	-	-	-
Materials and supplies inventory . . . . .	-	-	-	-
Total assets. . . . .	<u>\$ 77,840</u>	<u>\$ 139,051</u>	<u>\$ 72,592</u>	<u>\$ 139,272</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 534	\$ 223	\$ 75	\$ 11,872
Accrued wages and benefits . . . . .	-	-	5,155	36,157
Pension obligation payable. . . . .	-	-	-	4,884
Intergovernmental payable . . . . .	-	-	140	2,654
Interfund loan payable. . . . .	-	-	-	-
Deferred revenue. . . . .	-	-	-	-
Total liabilities. . . . .	<u>534</u>	<u>223</u>	<u>5,370</u>	<u>55,567</u>
<b>Fund balances:</b>				
Reserved for encumbrances . . . . .	6,794	18,411	5,374	8,023
Reserved for materials and supplies inventory . . . . .	-	-	-	-
Reserved for prepayments . . . . .	-	-	-	-
Unreserved-undesignated (deficit) . . . . .	<u>70,512</u>	<u>120,417</u>	<u>61,848</u>	<u>75,682</u>
Total fund balances (deficits) . . . . .	<u>77,306</u>	<u>138,828</u>	<u>67,222</u>	<u>83,705</u>
Total liabilities and fund balances. . . . .	<u>\$ 77,840</u>	<u>\$ 139,051</u>	<u>\$ 72,592</u>	<u>\$ 139,272</u>

<u>Career Development</u>	<u>Management Information Systems</u>	<u>Disadvantaged Pupil Impact Aid (DPIA)</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads Grant</u>	<u>Student Intervention</u>
\$ 1,684	\$ 13,978	\$ -	\$ 10,646	\$ 12,503	\$ 21,924
-	-	-	-	-	-
-	-	-	-	-	54,643
-	736	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,684</u>	<u>\$ 14,714</u>	<u>\$ -</u>	<u>\$ 10,646</u>	<u>\$ 12,503</u>	<u>\$ 76,567</u>
\$ -	\$ -	\$ -	\$ 181	\$ 545	\$ -
-	122	31,647	309	-	13,456
-	760	7,142	-	-	14,286
-	251	2,495	8	179	1,291
-	25,000	-	-	-	12,231
-	-	-	-	-	54,643
-	26,133	41,284	498	724	95,907
911	-	-	879	5,289	21,924
-	-	-	-	-	-
-	736	-	-	-	-
<u>773</u>	<u>(12,155)</u>	<u>(41,284)</u>	<u>9,269</u>	<u>6,490</u>	<u>(41,264)</u>
<u>1,684</u>	<u>(11,419)</u>	<u>(41,284)</u>	<u>10,148</u>	<u>11,779</u>	<u>(19,340)</u>
<u>\$ 1,684</u>	<u>\$ 14,714</u>	<u>\$ -</u>	<u>\$ 10,646</u>	<u>\$ 12,503</u>	<u>\$ 76,567</u>

-- continued

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
 JUNE 30, 2004

	<u>Alternative Schools</u>	<u>Miscellaneous State Grants</u>	<u>Title II Eisenhower</u>	<u>Title VI-B</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 9,101	\$ 58,800	\$ -	\$ 21,004
Receivables:				
Accounts. . . . .	-	-	-	-
Intergovernmental . . . . .	12,039	1,183	-	186,393
Prepayments. . . . .	-	-	-	-
Materials and supplies inventory . . . . .	-	-	-	-
<b>Total assets. . . . .</b>	<b><u>\$ 21,140</u></b>	<b><u>\$ 59,983</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 207,397</u></b>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 3,041	\$ 9,549	\$ -	\$ 2,155
Accrued wages and benefits . . . . .	-	8,669	1,208	81,387
Pension obligation payable. . . . .	1,984	1,306	-	13,590
Intergovernmental payable . . . . .	116	1,800	33	5,948
Interfund loan payable . . . . .	-	-	-	119,641
Deferred revenue. . . . .	12,039	-	-	48,980
<b>Total liabilities. . . . .</b>	<b><u>17,180</u></b>	<b><u>21,324</u></b>	<b><u>1,241</u></b>	<b><u>271,701</u></b>
<b>Fund balances:</b>				
Reserved for encumbrances . . . . .	2,398	13,174	-	18,849
Reserved for materials and supplies inventory . . . . .	-	-	-	-
Reserved for prepayments . . . . .	-	-	-	-
Unreserved-undesignated (deficit) . . . . .	1,562	25,485	(1,241)	(83,153)
<b>Total fund balances (deficits) . . . . .</b>	<b><u>3,960</u></b>	<b><u>38,659</u></b>	<b><u>(1,241)</u></b>	<b><u>(64,304)</u></b>
<b>Total liabilities and fund balances. . . . .</b>	<b><u>\$ 21,140</u></b>	<b><u>\$ 59,983</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 207,397</u></b>

<u>Title I</u>	<u>Title VI</u>	<u>Drug Free Schools Program</u>	<u>EHA Preschool Grant</u>	<u>Telecommunications Act Grant "E-Rate"</u>
\$ 84,898	\$ 7,061	\$ 9,809	\$ 3,641	\$ 11,189
-	-	-	-	-
833,865	3,326	9,823	4,284	-
736	-	-	-	-
-	-	-	-	-
<u>\$ 919,499</u>	<u>\$ 10,387</u>	<u>\$ 19,632</u>	<u>\$ 7,925</u>	<u>\$ 11,189</u>
\$ 3,416	\$ -	\$ 2,116	\$ 29	\$ 1,290
202,284	-	-	4,106	-
27,006	-	-	544	-
14,212	129	94	290	-
72,867	-	2,172	57	-
833,865	3,326	9,823	4,284	-
<u>1,153,650</u>	<u>3,455</u>	<u>14,205</u>	<u>9,310</u>	<u>1,290</u>
81,570	154	7,693	3,612	7,511
-	-	-	-	-
736	-	-	-	-
<u>(316,457)</u>	<u>6,778</u>	<u>(2,266)</u>	<u>(4,997)</u>	<u>2,388</u>
<u>(234,151)</u>	<u>6,932</u>	<u>5,427</u>	<u>(1,385)</u>	<u>9,899</u>
<u>\$ 919,499</u>	<u>\$ 10,387</u>	<u>\$ 19,632</u>	<u>\$ 7,925</u>	<u>\$ 11,189</u>

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2004

	<u>Reducing Class Size</u>	<u>Miscellaneous Federal Grants</u>	<u>Food Service</u>	<u>School Activity Trusts</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 48,662	\$ 9,615	\$ 584,116	\$ 75,036
Receivables:				
Accounts. . . . .	-	-	5,953	-
Intergovernmental . . . . .	277,135	27,668	120,962	-
Prepayments. . . . .	-	-	-	-
Materials and supplies inventory . . . . .	-	-	31,781	-
Total assets. . . . .	<u>\$ 325,797</u>	<u>\$ 37,283</u>	<u>\$ 742,812</u>	<u>\$ 75,036</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 3,233	\$ 649	\$ 690	\$ -
Accrued wages and benefits . . . . .	26,958	666	108,112	-
Pension obligation payable. . . . .	3,638	638	25,511	-
Intergovernmental payable . . . . .	2,364	67	7,730	-
Interfund loan payable . . . . .	-	2,256	-	35,000
Deferred revenue. . . . .	277,135	27,668	3,824	-
Total liabilities. . . . .	<u>313,328</u>	<u>31,944</u>	<u>145,867</u>	<u>35,000</u>
<b>Fund balances:</b>				
Reserved for encumbrances . . . . .	24,924	3,519	41,601	4,136
Reserved for materials and supplies inventory . . . . .	-	-	31,781	-
Reserved for prepayments . . . . .	-	-	-	-
Unreserved-undesignated (deficit) . . . . .	(12,455)	1,820	523,563	35,900
Total fund balances (deficits) . . . . .	<u>12,469</u>	<u>5,339</u>	<u>596,945</u>	<u>40,036</u>
Total liabilities and fund balances. . . . .	<u>\$ 325,797</u>	<u>\$ 37,283</u>	<u>\$ 742,812</u>	<u>\$ 75,036</u>

<u>Staff Trusts</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 17,343	\$ 1,429,765
-	5,953
-	1,531,321
-	1,472
-	31,781
<u>\$ 17,343</u>	<u>\$ 3,000,292</u>
\$ -	\$ 39,598
-	520,236
-	101,289
-	39,801
-	269,224
-	1,275,587
<u>-</u>	<u>2,245,735</u>
1,932	278,678
-	31,781
-	1,472
<u>15,411</u>	<u>442,626</u>
<u>17,343</u>	<u>754,557</u>
<u>\$ 17,343</u>	<u>\$ 3,000,292</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, 2004

	<u>Public School Support</u>	<u>Miscellaneous Grants</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>
<b>Revenues:</b>				
From local sources:				
Charges for services . . . . .	\$ -	\$ -	\$ -	\$ -
Earnings on investments . . . . .	-	-	-	2,426
Extracurricular . . . . .	7,384	-	186,972	-
Other local revenues . . . . .	47,819	1,500	43,669	-
Other revenue . . . . .	-	11,658	-	-
Intergovernmental - state . . . . .	-	-	-	617,926
Intergovernmental - federal . . . . .	-	-	-	-
Total revenues . . . . .	<u>55,203</u>	<u>13,158</u>	<u>230,641</u>	<u>620,352</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	-	13,552	-	-
Special . . . . .	-	368	-	-
Vocational . . . . .	-	7,984	-	-
Support services:				
Pupil . . . . .	-	-	-	-
Instructional staff . . . . .	-	-	-	-
Administration . . . . .	-	-	-	-
Fiscal . . . . .	-	-	-	-
Operations and maintenance . . . . .	-	-	-	-
Pupil transportation . . . . .	-	47	-	-
Central . . . . .	-	250	-	-
Operation of non-instructional services . . . . .	49,307	1,782	1,645	-
Food service operations . . . . .	-	-	-	-
Extracurricular activities . . . . .	-	3	243,289	-
Intergovernmental pass through . . . . .	-	-	-	568,918
Total expenditures . . . . .	<u>49,307</u>	<u>23,986</u>	<u>244,934</u>	<u>568,918</u>
Excess of revenues over (under) expenditures . . . . .	<u>5,896</u>	<u>(10,828)</u>	<u>(14,293)</u>	<u>51,434</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	-	-	-	-
Total other financing sources . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances . . . . .	5,896	(10,828)	(14,293)	51,434
<b>Fund balances (deficits)</b>				
at beginning of year . . . . .	71,410	149,656	81,515	32,271
Increase in reserve for inventory . . . . .	-	-	-	-
<b>Fund balances (deficits) at end of year . . . . .</b>	<u>\$ 77,306</u>	<u>\$ 138,828</u>	<u>\$ 67,222</u>	<u>\$ 83,705</u>

<u>Career Development</u>	<u>Management Information Systems</u>	<u>Disadvantaged Pupil Impact Aid (DPIA)</u>	<u>Data Communications</u>	<u>SchoolNet Professional Development</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	24,465	454,323	48,000	4,140
-	-	-	-	-
<u>-</u>	<u>24,465</u>	<u>454,323</u>	<u>48,000</u>	<u>4,140</u>
1,406	-	279,119	-	-
-	-	295	-	-
-	-	-	-	-
1,253	-	5,294	-	-
-	-	-	-	4,971
-	4,419	89,619	-	-
-	35,717	-	-	-
-	-	43,775	-	-
376	-	-	-	-
-	29,518	-	48,000	16,241
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,035</u>	<u>69,654</u>	<u>418,102</u>	<u>48,000</u>	<u>21,212</u>
<u>(3,035)</u>	<u>(45,189)</u>	<u>36,221</u>	<u>-</u>	<u>(17,072)</u>
<u>-</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(3,035)</u>	<u>(5,189)</u>	<u>36,221</u>	<u>-</u>	<u>(17,072)</u>
4,719	(6,230)	(77,505)	-	27,220
-	-	-	-	-
<u>\$ 1,684</u>	<u>\$ (11,419)</u>	<u>\$ (41,284)</u>	<u>\$ -</u>	<u>\$ 10,148</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, 2004

	<u>Ohio Reads Grant</u>	<u>Student Intervention</u>	<u>Alternative Schools</u>	<u>Extended Learning Opportunity</u>
<b>Revenues:</b>				
From local sources:				
Charges for services . . . . .	\$ -	\$ -	\$ -	\$ -
Earnings on investments . . . . .	-	-	-	-
Extracurricular . . . . .	-	-	-	-
Other local revenues . . . . .	-	-	-	-
Other revenue . . . . .	-	-	-	-
Intergovernmental - state . . . . .	98,000	66,073	75,092	-
Intergovernmental - federal . . . . .	-	-	-	-
Total revenues . . . . .	<u>98,000</u>	<u>66,073</u>	<u>75,092</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	68,321	66,722	50,990	-
Special . . . . .	-	18,020	-	-
Vocational . . . . .	-	-	-	-
Support services:				
Pupil . . . . .	-	-	21,171	-
Instructional staff . . . . .	39,678	-	28,955	1,727
Administration . . . . .	-	-	-	-
Fiscal . . . . .	-	-	-	-
Operations and maintenance . . . . .	-	-	-	-
Pupil transportation . . . . .	-	671	-	-
Central . . . . .	-	-	3,392	-
Operation of non-instructional services . . . . .	5,806	-	2,831	-
Food service operations . . . . .	-	-	-	-
Extracurricular activities . . . . .	-	-	-	-
Intergovernmental pass through . . . . .	-	-	-	-
Total expenditures . . . . .	<u>113,805</u>	<u>85,413</u>	<u>107,339</u>	<u>1,727</u>
Excess of revenues over (under) expenditures . . . . .	<u>(15,805)</u>	<u>(19,340)</u>	<u>(32,247)</u>	<u>(1,727)</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	-	-	-	-
Total other financing sources . . . . .	-	-	-	-
Net change in fund balances . . . . .	(15,805)	(19,340)	(32,247)	(1,727)
<b>Fund balances (deficits)</b>				
at beginning of year . . . . .	27,584	-	36,207	1,727
Increase in reserve for inventory . . . . .	-	-	-	-
<b>Fund balances (deficits) at end of year . . . . .</b>	<u>\$ 11,779</u>	<u>\$ (19,340)</u>	<u>\$ 3,960</u>	<u>\$ -</u>

<u>Miscellaneous State Grants</u>	<u>Title II Eisenhower</u>	<u>Title VI-B</u>	<u>Title I</u>	<u>Title VI</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
144,973	-	-	-	-
-	-	1,043,909	1,780,203	74,290
<u>144,973</u>	<u>-</u>	<u>1,043,909</u>	<u>1,780,203</u>	<u>74,290</u>
40,260	-	4,097	-	19,550
-	-	335,414	1,595,775	-
-	-	-	514	-
43,320	-	14,839	-	-
69,162	1,241	574,576	155,921	41,532
5,931	-	100,260	83,461	-
-	-	-	4,537	-
-	-	-	-	-
500	-	-	653	-
-	-	-	-	-
-	-	2,464	17,860	8,335
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>159,173</u>	<u>1,241</u>	<u>1,031,650</u>	<u>1,858,721</u>	<u>69,417</u>
<u>(14,200)</u>	<u>(1,241)</u>	<u>12,259</u>	<u>(78,518)</u>	<u>4,873</u>
-	-	-	-	-
-	-	-	-	-
<u>(14,200)</u>	<u>(1,241)</u>	<u>12,259</u>	<u>(78,518)</u>	<u>4,873</u>
52,859	-	(76,563)	(155,633)	2,059
-	-	-	-	-
<u>\$ 38,659</u>	<u>\$ (1,241)</u>	<u>\$ (64,304)</u>	<u>\$ (234,151)</u>	<u>\$ 6,932</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, 2004

	<b>Drug Free Schools Program</b>	<b>EHA Preschool Grant</b>	<b>Telecommunications Act Grant "E-Rate"</b>	<b>Goals 2000 Grant</b>
<b>Revenues:</b>				
From local sources:				
Charges for services . . . . .	\$ -	\$ -	\$ -	\$ -
Earnings on investments . . . . .	-	-	-	-
Extracurricular . . . . .	-	-	-	-
Other local revenues . . . . .	-	-	-	-
Other revenue . . . . .	-	-	-	-
Intergovernmental - state . . . . .	-	-	-	-
Intergovernmental - federal . . . . .	50,227	35,133	59,773	-
Total revenues. . . . .	50,227	35,133	59,773	-
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular. . . . .	5,272	-	-	-
Special . . . . .	-	1,970	-	-
Vocational . . . . .	-	-	-	-
Support services:				
Pupil . . . . .	35,382	-	-	-
Instructional staff. . . . .	4,673	33,742	-	1,385
Administration . . . . .	-	-	-	-
Fiscal. . . . .	-	-	-	-
Operations and maintenance . . . . .	-	-	-	-
Pupil transportation . . . . .	937	-	-	-
Central . . . . .	-	-	92,712	-
Operation of non-instructional services . . . . .	771	-	-	-
Food service operations . . . . .	-	-	-	-
Extracurricular activities . . . . .	-	-	-	-
Intergovernmental pass through. . . . .	-	-	-	-
Total expenditures . . . . .	47,035	35,712	92,712	1,385
Excess of revenues over (under) expenditures . . . . .	3,192	(579)	(32,939)	(1,385)
<b>Other financing sources:</b>				
Transfers in. . . . .	-	-	-	-
Total other financing sources . . . . .	-	-	-	-
Net change in fund balances . . . . .	3,192	(579)	(32,939)	(1,385)
<b>Fund balances (deficits)</b>				
at beginning of year . . . . .	2,235	(806)	42,838	1,385
Increase in reserve for inventory . . . . .	-	-	-	-
Fund balances (deficits) at end of year . . . . .	\$ 5,427	\$ (1,385)	\$ 9,899	\$ -

<u>Reducing Class Size</u>	<u>Miscellaneous Federal Grants</u>	<u>Food Service</u>	<u>School Activity Trusts</u>	<u>Staff Trusts</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ 1,108,670	\$ -	\$ -	\$ 1,108,670
-	-	6,065	-	-	8,491
-	-	-	-	6,425	200,781
-	-	73	41,126	6,608	140,795
-	-	-	-	-	11,658
-	2,213	48,519	-	-	1,583,724
<u>363,791</u>	<u>80,742</u>	<u>1,141,261</u>	<u>-</u>	<u>-</u>	<u>4,629,329</u>
<u>363,791</u>	<u>82,955</u>	<u>2,304,588</u>	<u>41,126</u>	<u>13,033</u>	<u>7,683,448</u>
229,938	65,457	-	-	-	844,684
-	33,469	-	-	-	1,985,311
-	-	-	-	-	8,498
-	-	-	-	-	121,259
113,604	6,910	-	-	-	1,078,077
-	-	-	-	-	283,690
-	-	-	-	-	40,254
-	-	-	-	-	43,775
-	732	-	-	-	3,916
-	-	-	-	-	190,113
1,555	-	-	770	8,369	101,495
-	-	2,223,606	-	-	2,223,606
-	-	-	914	-	244,206
-	-	-	-	-	568,918
<u>345,097</u>	<u>106,568</u>	<u>2,223,606</u>	<u>1,684</u>	<u>8,369</u>	<u>7,737,802</u>
<u>18,694</u>	<u>(23,613)</u>	<u>80,982</u>	<u>39,442</u>	<u>4,664</u>	<u>(54,354)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
18,694	(23,613)	80,982	39,442	4,664	(14,354)
(6,225)	28,952	519,732	594	12,679	772,680
-	-	(3,769)	-	-	(3,769)
<u>\$ 12,469</u>	<u>\$ 5,339</u>	<u>\$ 596,945</u>	<u>\$ 40,036</u>	<u>\$ 17,343</u>	<u>\$ 754,557</u>

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2004

	<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>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents. . .	\$ 1,341,990	\$ 103	\$ 8,975	\$ 1,200	\$ 1,352,268
Receivables:					
Property taxes . . . . .	<u>1,567,938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,567,938</u>
<b>Total assets. . . . .</b>	<b><u>\$ 2,909,928</u></b>	<b><u>\$ 103</u></b>	<b><u>\$ 8,975</u></b>	<b><u>\$ 1,200</u></b>	<b><u>\$ 2,920,206</u></b>
<b>Liabilities:</b>					
Intergovernmental payable. . . . .	\$ 1,015	\$ -	\$ -	\$ -	\$ 1,015
Deferred revenue. . . . .	<u>1,320,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,320,033</u>
<b>Total liabilities. . . . .</b>	<b><u>1,321,048</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,321,048</u></b>
<b>Fund balances:</b>					
Reserved for encumbrances . . . . .	605,519	103	8,547	1,099	615,268
Reserved for property taxes unavailable for appropriation . . . . .	226,000	-	-	-	226,000
Unreserved-undesignated . . . . .	<u>757,361</u>	<u>-</u>	<u>428</u>	<u>101</u>	<u>757,890</u>
<b>Total fund balances . . . . .</b>	<b><u>1,588,880</u></b>	<b><u>103</u></b>	<b><u>8,975</u></b>	<b><u>1,200</u></b>	<b><u>1,599,158</u></b>
<b>Total liabilities and fund balances. . . . .</b>	<b><u>\$ 2,909,928</u></b>	<b><u>\$ 103</u></b>	<b><u>\$ 8,975</u></b>	<b><u>\$ 1,200</u></b>	<b><u>\$ 2,920,206</u></b>

**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, 2004**

	<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>
<b>Revenues:</b>					
From local sources:					
Taxes . . . . .	\$ 1,501,696	\$ -	\$ -	\$ -	\$ 1,501,696
Other local revenue . . . . .	41,053	-	-	-	41,053
Intergovernmental - state . . . . .	175,991	-	134,475	-	310,466
<b>Total revenues . . . . .</b>	<b>1,718,740</b>	<b>-</b>	<b>134,475</b>	<b>-</b>	<b>1,853,215</b>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	427,596	-	125,500	-	553,096
Vocational . . . . .	-	8,098	-	-	8,098
Support services:					
Pupil . . . . .	6,554	-	-	-	6,554
Instructional staff . . . . .	1,562	-	-	-	1,562
Administration . . . . .	86,432	-	-	-	86,432
Fiscal . . . . .	36,831	-	-	-	36,831
Operations and maintenance . . . . .	100,833	-	-	-	100,833
Pupil transportation . . . . .	195,800	-	-	-	195,800
Central . . . . .	16,226	-	-	4,000	20,226
Extracurricular activities . . . . .	8,400	-	-	-	8,400
Facilities acquisition and construction . . . . .	467,077	-	-	-	467,077
Debt service:					
Principal retirement . . . . .	51,022	-	-	-	51,022
Interest and fiscal charges . . . . .	3,715	-	-	-	3,715
<b>Total expenditures . . . . .</b>	<b>1,402,048</b>	<b>8,098</b>	<b>125,500</b>	<b>4,000</b>	<b>1,539,646</b>
<b>Net change in fund balances . . . . .</b>	<b>316,692</b>	<b>(8,098)</b>	<b>8,975</b>	<b>(4,000)</b>	<b>313,569</b>
<b>Fund balances at beginning of year . . . . .</b>	<b>1,272,188</b>	<b>8,201</b>	<b>-</b>	<b>5,200</b>	<b>1,285,589</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 1,588,880</b>	<b>\$ 103</b>	<b>\$ 8,975</b>	<b>\$ 1,200</b>	<b>\$ 1,599,158</b>

INDIVIDUAL FUND SCHEDULES OF  
REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS)

## **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.

**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, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Public School Support</b>				
Total Revenues and Other Sources . . . . .	\$ 25,000	\$ 25,000	\$ 58,202	\$ 33,202
Total Expenditures and Other Uses . . . . .	<u>68,906</u>	<u>86,006</u>	<u>57,137</u>	<u>28,869</u>
Net Change in Fund Balances . . . . .	(43,906)	(61,006)	1,065	62,071
Fund balance at beginning of year . . . . .	60,541	60,541	60,541	-
Prior Year Encumbrances Appropriated . . . . .	<u>8,906</u>	<u>8,906</u>	<u>8,906</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 25,541</u>	<u>\$ 8,441</u>	<u>\$ 70,512</u>	<u>\$ 62,071</u>
<b>Miscellaneous Grants</b>				
Total Revenues and Other Sources . . . . .	\$ 71,534	\$ 71,534	\$ 13,158	\$ (58,376)
Total Expenditures and Other Uses . . . . .	<u>160,766</u>	<u>160,766</u>	<u>42,272</u>	<u>118,494</u>
Net Change in Fund Balances . . . . .	(89,232)	(89,232)	(29,114)	60,118
Fund balance at beginning of year . . . . .	148,474	148,474	148,474	-
Prior Year Encumbrances Appropriated . . . . .	<u>1,257</u>	<u>1,257</u>	<u>1,257</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 60,499</u>	<u>\$ 60,499</u>	<u>\$ 120,617</u>	<u>\$ 60,118</u>
<b>District Managed Student Activity</b>				
Total Revenues and Other Sources . . . . .	\$ 200,000	\$ 220,000	\$ 232,640	\$ 12,640
Total Expenditures and Other Uses . . . . .	<u>207,245</u>	<u>295,245</u>	<u>248,330</u>	<u>46,915</u>
Net Change in Fund Balances . . . . .	(7,245)	(75,245)	(15,690)	59,555
Fund balance at beginning of year . . . . .	71,589	71,589	71,589	-
Prior Year Encumbrances Appropriated . . . . .	<u>11,244</u>	<u>11,244</u>	<u>11,244</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 75,588</u>	<u>\$ 7,588</u>	<u>\$ 67,143</u>	<u>\$ 59,555</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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Auxiliary Services</b>				
Total Revenues and Other Sources . . . . .	\$ 649,353	\$ 650,000	\$ 620,351	\$ (29,649)
Total Expenditures and Other Uses . . . . .	<u>741,789</u>	<u>725,789</u>	<u>593,410</u>	<u>132,379</u>
Net Change in Fund Balances . . . . .	(92,436)	(75,789)	26,941	102,730
Fund balance at beginning of year . . . . .	50,648	50,648	50,648	-
Prior Year Encumbrances Appropriated . . . . .	<u>41,788</u>	<u>41,788</u>	<u>41,788</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ 16,647</u>	<u>\$ 119,377</u>	<u>\$ 102,730</u>
<b>Career Development</b>				
Total Revenues and Other Sources . . . . .	\$ 85	\$ 85	\$ -	\$ (85)
Total Expenditures and Other Uses . . . . .	<u>4,828</u>	<u>4,743</u>	<u>3,970</u>	<u>773</u>
Net Change in Fund Balances . . . . .	(4,743)	(4,658)	(3,970)	688
Fund balance at beginning of year . . . . .	4,635	4,635	4,635	-
Prior Year Encumbrances Appropriated . . . . .	<u>108</u>	<u>108</u>	<u>108</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ 85</u>	<u>\$ 773</u>	<u>\$ 688</u>
<b>Management Information Systems</b>				
Total Revenues and Other Sources . . . . .	\$ 67,629	\$ 70,000	\$ 64,465	\$ (5,535)
Total Expenditures and Other Uses . . . . .	<u>87,200</u>	<u>74,470</u>	<u>70,058</u>	<u>4,412</u>
Net Change in Fund Balances . . . . .	(19,571)	(4,470)	(5,593)	(1,123)
Fund balance at beginning of year . . . . .	19,571	19,571	19,571	-
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ 15,101</u>	<u>\$ 13,978</u>	<u>\$ (1,123)</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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Disadvantaged Pupil Impact Aid (DPIA)</b>				
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>
<b>Data Communications Fund</b>				
Total Revenues and Other Sources . . . . .	\$ 48,000	\$ 48,000	\$ 48,000	\$ -
Total Expenditures and Other Uses . . . . .	-	48,000	48,000	-
Net Change in Fund Balances . . . . .	48,000	-	-	-
Fund balance at beginning of year . . . . .	-	-	-	-
Fund balance at end of year . . . . .	<u>\$ 48,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>SchoolNet Professional Development</b>				
Total Revenues and Other Sources . . . . .	\$ -	\$ 4,200	\$ 4,141	\$ (59)
Total Expenditures and Other Uses . . . . .	7,253	32,003	22,418	9,585
Net Change in Fund Balances . . . . .	(7,253)	(27,803)	(18,277)	9,526
Fund balance at beginning of year . . . . .	26,110	26,110	26,110	-
Prior Year Encumbrances Appropriated . . . . .	1,753	1,753	1,753	-
Fund balance at end of year . . . . .	<u>\$ 20,610</u>	<u>\$ 60</u>	<u>\$ 9,586</u>	<u>\$ 9,526</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, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Ohio Reads Grant</b>				
Total Revenues and Other Sources . . . . .	\$ 83,500	\$ 98,000	\$ 98,000	\$ -
Total Expenditures and Other Uses . . . . .	<u>114,813</u>	<u>152,245</u>	<u>145,576</u>	<u>6,669</u>
Net Change in Fund Balances . . . . .	(31,313)	(54,245)	(47,576)	6,669
Fund balance at beginning of year . . . . .	6,432	6,432	6,432	-
Prior Year Encumbrances Appropriated . . . . .	<u>47,813</u>	<u>47,813</u>	<u>47,813</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 22,932</u>	<u>\$ -</u>	<u>\$ 6,669</u>	<u>\$ 6,669</u>
<b>Student Intervention</b>				
Total Revenues and Other Sources . . . . .	\$ -	\$ 132,946	\$ 78,303	\$ (54,643)
Total Expenditures and Other Uses . . . . .	<u>-</u>	<u>132,946</u>	<u>78,303</u>	<u>54,643</u>
Net Change in Fund Balances . . . . .	-	-	-	-
Fund balance at beginning of year . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Alternative Schools</b>				
Total Revenues and Other Sources . . . . .	\$ 96,663	\$ 97,000	\$ 75,092	\$ (21,908)
Total Expenditures and Other Uses . . . . .	<u>123,552</u>	<u>128,769</u>	<u>113,855</u>	<u>14,914</u>
Net Change in Fund Balances . . . . .	(26,889)	(31,769)	(38,763)	(6,994)
Fund balance at beginning of year . . . . .	6,004	6,004	6,004	-
Prior Year Encumbrances Appropriated . . . . .	<u>36,421</u>	<u>36,421</u>	<u>36,421</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 15,536</u>	<u>\$ 10,656</u>	<u>\$ 3,662</u>	<u>\$ (6,994)</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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Extended Learning Opportunity</b>				
Total Revenues and Other Sources . . . . .	\$ -	\$ -	\$ -	\$ -
Total Expenditures and Other Uses . . . . .	-	1,727	1,727	-
Net Change in Fund Balances . . . . .	-	(1,727)	(1,727)	-
Fund balance at beginning of year . . . . .	1,727	1,727	1,727	-
Fund balance at end of year . . . . .	<u>\$ 1,727</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Miscellaneous State Grants</b>				
Total Revenues and Other Sources . . . . .	\$ 109,375	\$ 136,000	\$ 144,973	\$ 8,973
Total Expenditures and Other Uses . . . . .	84,087	195,330	168,569	26,761
Net Change in Fund Balances . . . . .	25,288	(59,330)	(23,596)	35,734
Fund balance at beginning of year . . . . .	42,127	42,127	42,127	-
Prior Year Encumbrances Appropriated . . . . .	17,546	17,546	17,546	-
Fund balance at end of year . . . . .	<u>\$ 84,961</u>	<u>\$ 343</u>	<u>\$ 36,077</u>	<u>\$ 35,734</u>
<b>Title VI-B</b>				
Total Revenues and Other Sources . . . . .	\$ 1,212,529	\$ 1,305,026	\$ 1,026,138	\$ (278,888)
Total Expenditures and Other Uses . . . . .	1,191,351	1,305,026	1,026,138	278,888
Net Change in Fund Balances . . . . .	21,178	-	-	-
Fund balance at beginning of year . . . . .	(18,275)	(18,275)	(18,275)	-
Prior Year Encumbrances Appropriated . . . . .	18,275	18,275	18,275	-
Fund balance at end of year . . . . .	<u>\$ 21,178</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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Title I</b>				
Total Revenues and Other Sources . . . . .	\$ 2,642,913	\$ 2,700,000	\$ 1,853,070	\$ (846,930)
Total Expenditures and Other Uses . . . . .	<u>2,695,445</u>	<u>2,666,599</u>	<u>1,905,602</u>	<u>760,997</u>
Net Change in Fund Balances . . . . .	(52,532)	33,401	(52,532)	(85,933)
Fund balance at beginning of year . . . . .	32,973	32,973	32,973	-
Prior Year Encumbrances Appropriated . . . . .	<u>19,559</u>	<u>19,559</u>	<u>19,559</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ 85,933</u>	<u>\$ -</u>	<u>\$ (85,933)</u>
<b>Title VI</b>				
Total Revenues and Other Sources . . . . .	\$ 74,550	\$ 77,700	\$ 74,290	\$ (3,410)
Total Expenditures and Other Uses . . . . .	<u>81,268</u>	<u>84,334</u>	<u>74,102</u>	<u>10,232</u>
Net Change in Fund Balances . . . . .	(6,718)	(6,634)	188	6,822
Fund balance at beginning of year . . . . .	1	1	1	-
Prior Year Encumbrances Appropriated . . . . .	<u>6,718</u>	<u>6,718</u>	<u>6,718</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 1</u>	<u>\$ 85</u>	<u>\$ 6,907</u>	<u>\$ 6,822</u>
<b>Drug Free Schools Program</b>				
Total Revenues and Other Sources . . . . .	\$ 60,102	\$ 60,110	\$ 52,398	\$ (7,712)
Total Expenditures and Other Uses . . . . .	<u>72,859</u>	<u>72,807</u>	<u>65,156</u>	<u>7,651</u>
Net Change in Fund Balances . . . . .	(12,757)	(12,697)	(12,758)	(61)
Fund balance at beginning of year . . . . .	2,992	2,992	2,992	-
Prior Year Encumbrances Appropriated . . . . .	<u>9,766</u>	<u>9,766</u>	<u>9,766</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 1</u>	<u>\$ 61</u>	<u>\$ -</u>	<u>\$ (61)</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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>EHA Preschool Grant</b>				
Total Revenues and Other Sources . . . . .	\$ 36,000	\$ 39,420	\$ 35,190	\$ (4,230)
Total Expenditures and Other Uses . . . . .	<u>37,231</u>	<u>41,510</u>	<u>37,283</u>	<u>4,227</u>
Net Change in Fund Balances . . . . .	(1,231)	(2,090)	(2,093)	(3)
Fund balance at beginning of year . . . . .	-	-	-	-
Prior Year Encumbrances Appropriated . . . . .	<u>2,093</u>	<u>2,093</u>	<u>2,093</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 862</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ (3)</u>
<b>Telecommunications Act Grant (E-Rate)</b>				
Total Revenues and Other Sources . . . . .	\$ 86,662	\$ 90,000	\$ 59,773	\$ (30,227)
Total Expenditures and Other Uses . . . . .	<u>129,500</u>	<u>102,611</u>	<u>100,223</u>	<u>2,388</u>
Net Change in Fund Balances . . . . .	(42,838)	(12,611)	(40,450)	(27,839)
Fund balance at beginning of year . . . . .	33,338	33,338	33,338	-
Prior Year Encumbrances Appropriated . . . . .	<u>9,500</u>	<u>9,500</u>	<u>9,500</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ 30,227</u>	<u>\$ 2,388</u>	<u>\$ (27,839)</u>
<b>Goals 2000 Grant</b>				
Total Expenditures and Other Uses . . . . .	\$ 1,385	\$ 1,385	\$ 1,385	\$ -
Net Change in Fund Balances . . . . .	(1,385)	(1,385)	(1,385)	-
Fund balance at beginning of year . . . . .	<u>1,385</u>	<u>1,385</u>	<u>1,385</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Reducing Class Size</b>				
Total Revenues and Other Sources . . . . .	\$ 642,501	\$ 643,000	\$ 363,791	\$ (279,209)
Total Expenditures and Other Uses . . . . .	<u>655,590</u>	<u>654,015</u>	<u>356,375</u>	<u>297,640</u>
Net Change in Fund Balances . . . . .	(13,089)	(11,015)	7,416	18,431
Fund balance at beginning of year . . . . .	2,585	2,585	2,585	-
Prior Year Encumbrances Appropriated . . . . .	<u>10,504</u>	<u>10,504</u>	<u>10,504</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ 2,074</u>	<u>\$ 20,505</u>	<u>\$ 18,431</u>
<b>Miscellaneous Federal Grants</b>				
Total Revenues and Other Sources . . . . .	\$ 75,572	\$ 113,000	\$ 85,211	\$ (27,789)
Total Expenditures and Other Uses . . . . .	<u>88,797</u>	<u>147,321</u>	<u>114,103</u>	<u>33,218</u>
Net Change in Fund Balances . . . . .	(13,225)	(34,321)	(28,892)	5,429
Fund balance at beginning of year . . . . .	9,634	9,634	9,634	-
Prior Year Encumbrances Appropriated . . . . .	<u>24,808</u>	<u>24,808</u>	<u>24,808</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 21,217</u>	<u>\$ 121</u>	<u>\$ 5,550</u>	<u>\$ 5,429</u>
<b>Food Service</b>				
Total Revenues and Other Sources . . . . .	\$ 2,000,000	\$ 2,000,000	\$ 2,100,145	\$ 100,145
Total Expenditures and Other Uses . . . . .	<u>2,063,269</u>	<u>2,063,269</u>	<u>2,038,310</u>	<u>24,959</u>
Net Change in Fund Balances . . . . .	(63,269)	(63,269)	61,835	125,104
Fund balance at beginning of year . . . . .	461,783	461,783	461,783	-
Prior Year Encumbrances Appropriated . . . . .	<u>18,669</u>	<u>18,669</u>	<u>18,669</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 417,183</u>	<u>\$ 417,183</u>	<u>\$ 542,287</u>	<u>\$ 125,104</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, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>School Activity Trusts</b>				
Total Revenues and Other Sources . . . . .	\$ 10,345	\$ 10,345	\$ 41,127	\$ 30,782
Total Expenditures and Other Uses . . . . .	<u>43,324</u>	<u>43,324</u>	<u>1,685</u>	<u>41,639</u>
Net Change in Fund Balances . . . . .	(32,979)	(32,979)	39,442	72,421
Fund balance at beginning of year . . . . .	<u>35,594</u>	<u>35,594</u>	<u>35,594</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 2,615</u>	<u>\$ 2,615</u>	<u>\$ 75,036</u>	<u>\$ 72,421</u>
<b>Staff Trusts</b>				
Total Revenues and Other Sources . . . . .	\$ 4,137	\$ 4,137	\$ 14,032	\$ 9,895
Total Expenditures and Other Uses . . . . .	<u>16,147</u>	<u>16,147</u>	<u>12,836</u>	<u>3,311</u>
Net Change in Fund Balances . . . . .	(12,010)	(12,010)	1,196	13,206
Fund balance at beginning of year . . . . .	10,079	10,079	10,079	-
Prior Year Encumbrances Appropriated . . . . .	<u>1,932</u>	<u>1,932</u>	<u>1,932</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 13,207</u>	<u>\$ 13,206</u>
<b>Debt Service</b>				
Total Revenues and Other Sources . . . . .	\$ 1,215,262	\$ 1,216,554	\$ 1,173,524	\$ (43,030)
Total Expenditures and Other Uses . . . . .	<u>1,173,750</u>	<u>1,328,050</u>	<u>1,328,050</u>	<u>-</u>
Net Change in Fund Balances . . . . .	41,512	(111,496)	(154,526)	(43,030)
Fund balance at beginning of year . . . . .	<u>356,972</u>	<u>356,972</u>	<u>356,972</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 398,484</u>	<u>\$ 245,476</u>	<u>\$ 202,446</u>	<u>\$ (43,030)</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, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Permanent Improvement Fund</b>				
Total Revenues and Other Sources . . . . .	\$ 1,774,960	\$ 1,789,448	\$ 1,636,107	\$ (153,341)
Total Expenditures and Other Uses . . . . .	<u>1,807,863</u>	<u>2,157,863</u>	<u>1,992,951</u>	<u>164,912</u>
Net Change in Fund Balances . . . . .	(32,903)	(368,415)	(356,844)	11,571
Fund balance at beginning of year . . . . .	851,152	851,152	851,152	-
Prior Year Encumbrances Appropriated . . . . .	<u>242,163</u>	<u>242,163</u>	<u>242,163</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 1,060,412</u>	<u>\$ 724,900</u>	<u>\$ 736,471</u>	<u>\$ 11,571</u>
<b>Vocational Education Equipment</b>				
Total Revenues and Other Sources . . . . .	\$ 5,500	\$ 5,500	\$ -	\$ (5,500)
Total Expenditures and Other Uses . . . . .	<u>8,201</u>	<u>8,201</u>	<u>8,201</u>	<u>-</u>
Net Change in Fund Balances . . . . .	(2,701)	(2,701)	(8,201)	(5,500)
Fund balance at beginning of year . . . . .	<u>8,201</u>	<u>8,201</u>	<u>8,201</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 5,500</u>	<u>\$ 5,500</u>	<u>\$ -</u>	<u>\$ (5,500)</u>
<b>SchoolNet</b>				
Total Revenues and Other Sources . . . . .	\$ 134,475	\$ 134,475	\$ 134,475	\$ -
Total Expenditures and Other Uses . . . . .	<u>-</u>	<u>134,475</u>	<u>134,047</u>	<u>428</u>
Net Change in Fund Balances . . . . .	134,475	-	428	428
Fund balance at beginning of year . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 134,475</u>	<u>\$ -</u>	<u>\$ 428</u>	<u>\$ 428</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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Interactive Video Distance Learning</b>				
Total Revenues and Other Sources . . . . .	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Total Expenditures and Other Uses . . . . .	5,200	5,200	5,099	101
Net Change in Fund Balances . . . . .	4,800	4,800	(5,099)	(9,899)
Fund balance at beginning of year . . . . .	5,200	5,200	5,200	-
Fund balance at end of year . . . . .	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 101</u>	<u>\$ (9,899)</u>
<b>Employee Benefits Self-Insurance</b>				
Total Revenues and Other Sources . . . . .	\$ 360,000	\$ 360,000	\$ 483,334	\$ 123,334
Total Expenditures and Other Uses . . . . .	455,000	465,000	454,200	10,800
Net Change in Fund Balances . . . . .	(95,000)	(105,000)	29,134	134,134
Fund balance at beginning of year . . . . .	119,285	119,285	119,285	-
Fund balance at end of year . . . . .	<u>\$ 24,285</u>	<u>\$ 14,285</u>	<u>\$ 148,419</u>	<u>\$ 134,134</u>
<b>Special Trusts</b>				
Total Revenues and Other Sources . . . . .	\$ 13,984	\$ 13,984	\$ 1,545	\$ (12,439)
Total Expenditures and Other Uses . . . . .	4,950	4,950	3,646	1,304
Net Change in Fund Balances . . . . .	9,034	9,034	(2,101)	(11,135)
Fund balance at beginning of year . . . . .	48,117	48,117	48,117	-
Prior Year Encumbrances Appropriated . . . . .	500	500	500	-
Fund balance at end of year . . . . .	<u>\$ 57,651</u>	<u>\$ 57,651</u>	<u>\$ 46,516</u>	<u>\$ (11,135)</u>
<b>Endowment</b>				
Total Revenues and Other Sources . . . . .	\$ 700	\$ 700	\$ 111	\$ (589)
Total Expenditures and Other Uses . . . . .	700	700	700	-
Net Change in Fund Balances . . . . .	-	-	(589)	(589)
Fund balance at beginning of year . . . . .	10,472	10,472	10,472	-
Fund balance at end of year . . . . .	<u>\$ 10,472</u>	<u>\$ 10,472</u>	<u>\$ 9,883</u>	<u>\$ (589)</u>

THIS PAGE IS INTENTIONALLY LEFT BLANK

---

## STATISTICAL SECTION

**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 June 30, 2004	Fiscal Year Ended June 30, 2003	Fiscal Year Ended June 30, 2002	Fiscal Year Ended June 30, 2001
<b>Revenues:</b>				
Taxes . . . . .	\$ 21,072,555	\$ 20,363,165	\$ 19,913,001	\$ 21,690,350
Intergovernmental . . . . .	24,893,488	22,764,994	23,050,113	21,867,779
Earnings on investments . . . . .	246,773	427,039	889,576	1,498,738
Tuition and fees . . . . .	377,784	365,798	266,839	260,298
Extracurricular . . . . .	247	-	-	-
Other revenue . . . . .	335,708	272,353	283,653	338,832
	<u>\$ 46,926,555</u>	<u>\$ 44,193,349</u>	<u>\$ 44,403,182</u>	<u>\$ 45,655,997</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	\$ 24,563,478	\$ 22,181,557	\$ 21,420,566	\$ 20,545,063
Special . . . . .	4,326,448	4,098,459	3,711,654	3,396,903
Vocational . . . . .	1,160,179	966,521	791,374	649,969
Other . . . . .	16,306	8,806	21,414	77,775
Support services:				
Pupil . . . . .	2,805,350	2,380,185	2,383,558	2,108,138
Instructional staff . . . . .	2,559,860	2,466,678	2,415,457	1,727,099
Board of Education . . . . .	237,432	237,865	291,754	356,048
Administration . . . . .	3,890,156	3,596,019	3,463,619	3,070,121
Fiscal . . . . .	938,941	909,393	938,074	911,456
Business . . . . .	523,986	528,695	531,334	754,585
Operations and maintenance . . . . .	4,667,160	4,268,865	3,954,845	4,174,113
Pupil transportation . . . . .	1,899,005	1,916,812	1,679,292	1,694,471
Central . . . . .	572,082	689,588	717,260	462,207
Operation of non-instructional services . . . . .	5,599	90	260	-
Extracurricular activities . . . . .	625,383	587,718	587,621	509,925
Intergovernmental pass through . . . . .	2,074	-	-	-
Capital outlay . . . . .	-	2,500	-	689,679
Debt service . . . . .	13,459	199,574	223,571	131,965
	<u>\$ 48,806,898</u>	<u>\$ 45,039,325</u>	<u>\$ 43,131,653</u>	<u>\$ 41,259,517</u>

Source: 2004 School District financial records, 1995-2003 School District Audit Reports.

(1) 2004-1998 and 1996 reported on a GAAP basis, remaining years on a cash basis.

<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>	<u>Fiscal Year Ended June 30, 1995</u>
\$ 21,438,005	\$ 23,659,721	\$ 16,829,625	\$ 15,889,980	\$ 16,633,935	\$ 14,931,851
21,003,093	20,747,861	19,231,779	18,498,470	18,412,265	17,380,793
1,124,207	502,281	429,381	456,513	420,763	350,405
438,598	205,311	125,254	124,713	115,152	94,496
1,154	-	-	-	-	-
80,709	85,782	93,547	58,212	131,582	67,033
<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>	<u>\$ 32,824,578</u>
\$ 19,703,533	\$ 20,043,214	\$ 18,673,230	\$ 18,597,170	\$ 17,606,365	\$ 16,432,620
3,207,113	3,116,578	3,111,679	3,077,986	2,857,567	2,641,227
718,326	796,506	750,705	801,449	889,194	935,800
16,931	18,324	17,969	18,111	17,833	17,695
1,981,753	2,034,253	1,906,907	1,639,834	1,329,445	1,241,867
1,604,390	1,603,749	1,523,761	1,543,351	1,447,886	1,260,639
259,788	148,382	190,098	206,643	147,947	143,449
2,951,324	2,987,540	2,816,199	2,875,430	2,861,570	2,743,460
806,871	886,806	672,110	653,168	633,725	624,271
711,682	734,383	667,373	647,828	543,341	504,891
3,809,489	3,877,997	3,919,391	3,893,920	3,735,255	3,579,104
1,464,070	1,422,354	1,487,210	1,323,555	1,218,975	1,091,110
275,566	271,514	164,496	161,009	179,434	118,403
-	2,709	-	-	-	-
508,310	540,852	525,897	539,430	508,250	490,717
-	-	-	-	-	-
17,020	7,922	1,340	8,208	14,060	6,490
117,070	-	-	-	-	-
<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>	<u>\$ 31,831,743</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
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
1994	18,581,194	978,991	19,560,185	17,841,342	96.02%	412,260	18,253,602	93.32%	1,306,583

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. 2003 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
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
1995	398,176,870	1,137,648,200	41,190,640	46,807,545	48,898,780	195,595,120	488,266,290	1,380,050,865

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
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
1995	48.00	6.70	3.70	2.00	60.40

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, 2004

Assessed Valuation (2004) \$ 746,325,330

Voted Debt Margin

Bonded debt limit - 9% of assessed value (1)	67,169,280
Outstanding debt:	
Library facility notes	6,289,928
Less: amount available in debt service fund	(285,205)
Total outstanding debt	6,004,723
Voted debt margin	\$ 61,164,557

Unvoted Debt Margin

Bonded debt limit - .10% of assessed valuation	746,325
Outstanding debt:	
Library facility notes	6,289,928
Less: amount available in debt service fund	(285,205)
Total outstanding debt	6,004,723
Less exemptions:	
Library facility notes	6,289,928
Less: amount available in debt service fund	(285,205)
Total exemptions	6,004,723
Unvoted debt margin	\$ 746,325

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**

<u>Collection Year</u>	<u>Population (1)</u>	<u>Assessed Value</u>	<u>Net General Obligation Bonded Debt (2)</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
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
1995	44,389	488,266,290	1,670,000	0.34%	37.62

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 2003 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)
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%
1995	215,000	109,839	324,839	36,350,335	0.89%

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>	
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)
1994	481,662,150	614,663,000	132,572,296	(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  
2003 TAX YEAR

Top Taxpayers	Assessed Valuations			
	Real Property	Tangible Personal	Public Utility	Total
1. Owens Corning, Inc.	\$ 3,454,370	\$ 23,980,540	\$ -	\$ 27,434,910
2. Ohio Power Company	-	-	16,490,260	16,490,260
3. Alltel Ohio, Inc.	-	270	7,314,760	7,315,030
4. Meijer Stores Ltd. Ptnr.	1,826,410	1,676,300	-	3,502,710
5. Wal Mart Real Estate Brokers	3,480,790	-	-	3,480,790
6. Gannett Company Inc.	-	2,783,430	-	2,783,430
7. Kroger Company	-	2,745,000	-	2,745,000
8. Southgate Co. Ltd. Ptnr.	2,438,400	-	-	2,438,400
9. Health Care Prop. Investors Inc.	2,288,340	-	-	2,288,340
10. Anomatic Corporation	-	2,129,940	-	2,129,940
Total top ten taxpayers	<u>\$ 13,488,310</u>	<u>\$ 33,315,480</u>	<u>\$ 23,805,020</u>	<u>\$ 70,608,810</u>
Total all assessed valuations	652,575,730	66,104,880	27,644,720	746,325,330

Source: Licking County Auditor.

Percent of Total Assessed Valuations	Estimated Actual Valuations			
	Real Property	Tangible Property	Public Utility	Total
3.68%	\$ 9,869,629	\$ 25,179,567	\$ -	\$ 35,049,196
2.21%	-	-	16,490,260	16,490,260
0.98%	-	284	7,314,760	7,315,044
0.47%	5,218,314	1,760,115	-	6,978,429
0.47%	9,945,114	-	-	9,945,114
0.37%	-	2,922,602	-	2,922,602
0.37%	-	2,882,250	-	2,882,250
0.33%	6,966,857	-	-	6,966,857
0.31%	6,538,114	-	-	6,538,114
0.29%	-	2,236,437	-	2,236,437
<u>9.48%</u>	<u>\$ 38,538,028</u>	<u>\$ 34,981,255</u>	<u>\$ 23,805,020</u>	<u>\$ 97,324,303</u>
100.00%				

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

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
JUNE 30, 2004

<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	\$ 746,325,330	\$ 6,004,723	100.00%	\$ 6,004,723
City of Newark	736,438,580	29,186,478	98.68%	28,799,838
Licking County	3,152,840,560	<u>14,760,742</u>	23.67%	<u>3,494,092</u>
		<u>\$ 49,951,943</u>		<u>\$ 38,298,653</u>

Source: Licking County Auditor

THIS PAGE IS INTENTIONALLY LEFT BLANK

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO  
MISCELLANEOUS STATISTICS  
LAST TEN FISCAL YEARS (1)**

	Fiscal Year Ended June 30, 2004	Fiscal Year Ended June 30, 2003	Fiscal Year Ended June 30, 2002	Fiscal Year Ended June 30, 2001
Fall enrollment	6,978	6,973	6,985	7,222
<u>Demographic Data:</u>				
Median income . . . . .	\$ 34,791	\$ 34,791	\$ 34,791	\$ 34,791
Property valuation/pupil. . . . .	106,954	105,250	96,696	96,410
<u>Fiscal Data:</u>				
Effective mills . . . . .	(1)	22.69	22.71	23.01
Average teacher salary . . . . .	\$ 46,130	\$ 44,273	\$ 42,047	\$ 40,275
<u>Staff Data:</u>				
Percent of teachers with no degree. . . . .	0.00%	0.00%	0.00%	0.00%
Percent of teachers with bachelor degree . . . . .	52.00%	50.00%	53.00%	52.00%
Percent of teachers with masters degree . . . . .	48.00%	50.00%	47.00%	48.00%
Average teacher experience (yrs.) . . . . .	14.00	13.00	13.00	13.93
<u>Output:</u>				
Pupil attendance rate . . . . .	94.30%	94.10%	93.60%	93.60%
Staff attendance rate . . . . .	96.50%	96.60%	96.20%	96.10%
Graduation rate . . . . .	71.20%	69.00%	71.10%	69.00%

Source: Ohio Department of Education, U.S. Census Bureau and School District records  
Output for 1999-2003 provided by School District Report Card.

(1) Information not available for 2003.

<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>	<u>Fiscal Year Ended June 30, 1995</u>
7,395	7,433	7,594	7,300	7,520	7,545
\$ 34,791 83,110	\$ 29,931 77,229	\$ 29,931 74,555	\$ 29,931 67,720	\$ 29,931 64,431	\$ 29,931 61,896
\$ 23.07 40,102	\$ 23.07 39,528	\$ 31.74 38,215	\$ 31.74 35,118	\$ 30.88 34,195	\$ 34.27 32,931
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
55.64%	61.67%	25.65%	27.25%	30.41%	31.66%
44.36%	38.33%	36.96%	34.72%	33.48%	33.91%
14.80	14.80	14.30	15.00	14.20	14.10
93.40%	92.80%	92.60%	92.84%	92.32%	92.89%
96.70%	96.00%	95.91%	95.80%	95.83%	96.03%
71.80%	72.90%	75.60%	63.79%	61.87%	78.21%

THIS PAGE IS INTENTIONALLY LEFT BLANK



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**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  
NOVEMBER 30, 2004**