

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

**SUPPLEMENTAL REPORTS**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2007**

**JULIE TAYLOR, TREASURER**





Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Newark City School District, Licking County, prepared by Julian & Grube, Inc., for the audit period July 1, 2006 through June 30, 2007. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

February 6, 2008

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

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## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

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

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

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

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Newark City School District (the "District"), Licking County, Ohio, as of and for the fiscal year ended June 30, 2007, and have issued our report thereon dated November 30, 2007. We did not audit the financial statements of Par Excellence Academy, one of Newark City School District's discretely presented component units. The accompanying Schedule of Receipts and Expenditures of Federal Awards does not include the operations of the Newark Digital Academy or Par Excellence Academy, component units of Newark City School District. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Newark City School District's basic financial statements. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

*Julian & Grube, Inc.*

Julian & Grube, Inc.  
November 30, 2007

NEWARK CITY SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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>						
(C) Food Donation	10.550	N/A	\$ -	\$ 181,227	\$ -	\$ 181,227
<b>Total Food Donation</b>				<b>181,227</b>		<b>181,227</b>
<b>Nutrition Cluster:</b>						
(A) (D) School Breakfast Program	10.553	044453-05PU-2006	87,596		87,596	
(A) (D) School Breakfast Program	10.553	044453-05PU-2007	212,395		212,395	
<b>Total School Breakfast Program</b>			<b>299,991</b>		<b>299,991</b>	
(A) (D) National School Lunch Program	10.555	044453-LLP1-2007	2,504		2,504	
(A) (D) National School Lunch Program	10.555	044453-LLP4-2006	300,623		300,623	
(A) (D) National School Lunch Program	10.555	044453-LLP4-2007	738,264		738,264	
<b>Total National School Lunch Program</b>			<b>1,041,391</b>		<b>1,041,391</b>	
<b>Total Nutrition Cluster</b>			<b>1,341,382</b>		<b>1,341,382</b>	
<b>Total U.S. Department of Agriculture</b>			<b>1,341,382</b>	<b>181,227</b>	<b>1,341,382</b>	<b>181,227</b>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>						
(I) Title I Grants to Local Educational Agencies	84.010	044453-C1S1-2006	13,642		200,309	
Title I Grants to Local Educational Agencies	84.010	044453-C1S1-2007	2,124,998		1,877,446	
<b>Total Title I Grants to Local Educational Agencies</b>			<b>2,138,640</b>		<b>2,077,755</b>	
<b>Special Education Cluster:</b>						
(B) Special Education Grants to States	84.027	044453-6BSID-2006	2,702			
(B) Special Education Grants to States	84.027	044453-6BSF-2006	252,573		201,991	
(B) Special Education Grants to States	84.027	044453-6BSF-2007	1,708,152		1,631,305	
<b>Total Special Education Grants to States</b>			<b>1,963,427</b>		<b>1,833,296</b>	
(B) Special Education Preschool Grants	84.173	044453-PGSI-2006	6,632		8,971	
(B) Special Education Preschool Grants	84.173	044453-PGSI-2007	35,830		35,306	
<b>Total Special Education Preschool Grants</b>			<b>42,462</b>		<b>44,277</b>	
<b>Total Special Education Cluster</b>			<b>2,005,889</b>		<b>1,877,573</b>	
(F) Safe and Drug-Free Schools and Communities State Grants	84.186	044453-DRS1-2006	(149)			
Safe and Drug-Free Schools and Communities State Grants	84.186	044453-DRS1-2007	38,128		31,778	
<b>Total Safe and Drug-Free Schools and Communities State Grants</b>			<b>37,979</b>		<b>31,778</b>	
(G) State Grants for Innovative Programs	84.298	044453-C2S1-2006	(301)		163	
State Grants for Innovative Programs	84.298	044453-C2S1-2007	5,667		6,062	
<b>Total State Grants for Innovative Programs</b>			<b>5,366</b>		<b>6,225</b>	
Education Technology State Grants	84.318	044453-TJS1-2006	2,000		385	
Education Technology State Grants	84.318	044453-TJS1-2007	19,574		20,210	
<b>Total Educational Technology State Grants</b>			<b>21,574</b>		<b>20,595</b>	
(H) Comprehensive School Reform Demonstration	84.332	044453-RFCC-2006	(9,201)		12,068	
Comprehensive School Reform Demonstration	84.332	044453-RFCC-2007	211,810		221,344	
<b>Total Comprehensive School Reform Demonstration</b>			<b>202,609</b>		<b>233,412</b>	
Improving Teacher Quality State Grants	84.367	044453-TRS1-2006	112,402		189,182	
Improving Teacher Quality State Grants	84.367	044453-TRS1-2007	432,712		403,856	
<b>Total Improving Teacher Quality State Grants</b>			<b>545,114</b>		<b>593,038</b>	
Hurricane Education Recovery	84.938	044453-HR01-2006	1,168		1,168	
<b>Total Hurricane Education Recovery</b>			<b>1,168</b>		<b>1,168</b>	
<b>Total U.S. Department of Education</b>			<b>4,958,339</b>		<b>4,841,544</b>	

NEWARK CITY SCHOOL DISTRICT  
 SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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 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	\$ 47,525		\$ 126,386	
Total Temporary Assistance for Needy Families			<u>47,525</u>		<u>126,386</u>	
Total U.S. Department of Health and Human Services			<u>47,525</u>		<u>126,386</u>	
Total Federal Financial Assistance			<u>\$ 6,347,246</u>	<u>\$ 181,227</u>	<u>\$ 6,309,312</u>	<u>\$ 181,227</u>

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.
- (B) Included as part of "Special Education Grant Cluster" in determining major programs.
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
- (D) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (E) This schedule was prepared on the cash basis of accounting.
- (F) Amount of \$149 transferred to the next grant year based on Ohio Department of Education administrative action.
- (G) Amount of \$301 transferred to the next grant year based on Ohio Department of Education administrative action.
- (H) Amount of \$9,201 transferred to the next grant year based on Ohio Department of Education administrative action.
- (I) Amount of \$61,728 transferred to the next grant year based on Ohio Department of Education administrative action.

Note 1: The Newark City School District has excluded federal financial assistance reported for its component units, the Newark Digital Academy and the Par Excellence Academy.





**Julian & Grube, Inc.**  
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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

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

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

We have audited the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Newark City School District, Licking County, Ohio, as of and for the fiscal year ended June 30, 2007, which collectively comprise Newark City School District's basic financial statements and have issued our report thereon dated November 30, 2007. We did not audit the financial statements of Par Excellence Academy, one of Newark City School District's discretely presented component units. Par Excellence Academy financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Newark City School District is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Par Excellence Academy were audited by other auditors in accordance with auditing standards generally accepted in the United States of America and in accordance with *Government Auditing Standards*. Accordingly, this report does not extend to the Par Excellence Academy discretely presented component unit.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Newark City School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Newark City School District's financial statements that is more than inconsequential will not be prevented or detected by Newark City School District's internal control.

Board of Education  
Newark City School District

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Newark City School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

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

We noted certain matters that we reported to the management of Newark City School District in a separate letter dated November 30, 2007.

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



Julian & Grube, Inc.  
November 30, 2007



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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

**Report on Compliance With Requirements Applicable to Its  
Major 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

We have audited the compliance of Newark City School 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 its major federal program for the fiscal year ended June 30, 2007. Newark City School District's major federal program is 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 program is the responsibility of the Newark City School District's management. Our responsibility is to express an opinion on Newark City School District's compliance based on our audit.

Newark City School District's basic financial statements include the operations of Par Excellence Academy and Newark Digital Academy, component units of Newark City School District. Par Excellence Academy and Newark Digital Academy received \$210,792 and \$25,133, respectively, and expended \$210,665 and \$132,265, respectively, in federal awards during fiscal year 2007 that are not included in the Schedule of Receipts and Expenditures of Federal Awards for Newark City School District for the fiscal year ended June 30, 2007. Our audit of federal awards, described below, did not include the operations of Par Excellence Academy or Newark Digital Academy. These component units expended less than \$500,000 individually for the fiscal year ended June 30, 2007 and thus were not required to have audits of their Federal Awards in accordance with OMB Circular A-133.

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

Board of Education  
Newark City School District

In our opinion, Newark City School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2007.

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 the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Newark City School District's internal control over compliance.

A control deficiency in Newark City School District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Newark City School District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by Newark City School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Newark City School District's internal control.

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

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



Julian & Grube, Inc.  
November 30, 2007

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2007**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program:</i>	Special Education Cluster – Special Education Grants to States – CFDA #84.027 and Special Education Preschool Grants – CFDA #84.173
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2007**

**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

FOR THE YEAR ENDED JUNE 30, 2007.

NEWARK CITY SCHOOLS, NEWARK, OHIO





COMPREHENSIVE  
ANNUAL FINANCIAL REPORT

OF THE

NEWARK CITY  
SCHOOL DISTRICT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2007

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

85 EAST MAIN STREET

NEWARK, OHIO 43055

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**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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Administrative Service Center  
85 East Main Street  
Newark, Ohio 43055  
(740) 345-9891  
[www.newarkcityschools.org](http://www.newarkcityschools.org)

December 31, 2007

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

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

State statute requires an annual audit by independent auditors. Julian & Grube, Inc. conducted the audit. The audit has been conducted in accordance with generally accepted auditing standards and generally accepted government auditing standards, and includes a review of internal controls and tests of compliance with Federal and State laws and regulations. The Independent Auditor's Report is included in the CAFR.

As a part of the District's independent audit, tests are made to determine the adequacy of the internal controls, including that portion related to federal financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations. The results of the District's independent audit for the fiscal year ended June 30, 2007, provided no instances of material weaknesses in internal controls or significant violations of applicable laws and regulations.

This transmittal letter is designed to provide historical information about the District, as well as complement the required Management's Discussion and Analysis (discussed below). Unless noted otherwise, the financial data in this transmittal letter is presented on the modified accrual basis of accounting. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The District's MD&A, which focuses on the government-wide statements, can be found on pages 14-25 of the financial section of this report.

## **PROFILE OF THE SCHOOL DISTRICT**

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

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

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

During the 2006-2007 school year, the District had approximately 6,716 (Fall 2006) students enrolled in fourteen schools: Cherry Valley Elementary, Johnny Clem Elementary, McGuffey Elementary, Miller Elementary, and North Elementary schools housing grades K through 4; Conrad Elementary, Ben Franklin Elementary, and Kettering Elementary schools housing grades K through 5; Central Intermediate and West Main Intermediate schools housing grades 5 and 6; Lincoln Middle housing grades 6 through 8; Roosevelt Middle and Wilson Middle schools housing grades 7 and 8; and Newark High School housing grades 9 through 12 with 1,814 students.

The District provides a full range of traditional and non-traditional educational programs, services and facilities. These include elementary and secondary curriculum at the general, college preparatory and vocational levels, a broad range of co-curricular and extracurricular activities, special education programs and facilities.

Newark Catholic High School, St. Francis, Blessed Sacrament, Kairos 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.

### **Internal Controls**

Management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of costs and benefits requires estimates and judgments by management.

### **Budgetary Controls**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.



All funds, other than agency funds, are legally required to be budgeted and appropriated. The level of budgetary control imposed by the District (the level at which expenditures cannot legally exceed the appropriated amount) is established at the broad object level (first level) for the general fund and at the fund level for all other funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to succeeding years and are not re-appropriated.

## **ECONOMIC CONDITION AND OUTLOOK**

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

The City of Newark offers an excellent opportunity for business growth and expansion. The City stimulates the economy through a diverse group of employers, from the small family operated business to the major commercial/industrial and service corporations. The five largest employers in the District in terms of numbers of employees are: State Farm Insurance, Newark Board of Education, Licking County, Licking Memorial Hospital, and Anomatic Corporation.

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

Although the District had been impacted by the national recession in FY03 and FY04 regarding income tax, the District experienced a 5.3% increase in collections of income tax in FY05, an increase of .5% in FY06, and an increase of 5.6% in FY07. The first quarterly installment of income tax revenue for FY08 is up 25% from the first quarter of FY07 due to the state's push to collect on delinquent accounts. The District is expecting a 9.7% increase for FY08 due to the delinquent collections.

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

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

The District uses the five-year forecast to provide a basis for making financial decisions, including the construction of the annual budget, adjustments to staffing levels, collective bargaining, and the placement of tax levies on the ballot. Specific examples of recent decisions that have resulted in the improvements in the District financial condition include the Board approving \$5.1 million in cuts in January 2007 as a result of a 7.9 mil new operating levy failing in November 2006. The District was successful in passing the renewal of the income tax in May 2007 for another five years.

## MAJOR INITIATIVES AND ACCOMPLISHMENTS

### *Accomplishments for 2007*

#### ***Financial***

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

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

#### ***Instruction***

The district achieved the status of Effective on the state of Ohio's District Report Card.

#### Achievement Tests

State and federal law requires testing students in grades 3 – 8 and grade 10 in various subjects. During 2007 – 2008, the following tests will be administered:

3<sup>rd</sup> grade – reading and math

4<sup>th</sup> grade – reading, writing, and math

5<sup>th</sup> grade – reading, math, science, and social studies

6<sup>th</sup> grade – reading and math

7<sup>th</sup> grade – reading, writing, and math

8<sup>th</sup> grade – reading, math, science, and social studies

10<sup>th</sup> grade – reading, writing, math, science, and social studies

11<sup>th</sup> and 12<sup>th</sup> grade – students who have not passed one or more of the OGT assessments will have two opportunities a year (with an additional, optional opportunity each summer) to retake the tests in which they have not yet achieved proficiency

Passing the Ohio Graduation Test is a requirement for graduation from high school students who graduate after September 15, 2006 and thereafter.

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

Reading	91.3%
Mathematics	86.9%
Writing	92.9%
Science	83.1%
Social Studies	87.0%

### *Initiatives for 2008*

#### ***Financial***

To receive the Certificate of Excellence in Financial Reporting from the GFOA for the District's 2007 CAFR.

To receive the Award for Outstanding Achievement in Popular Annual Financial Reporting from the GFOA for the 2007 Popular Annual Financial Report.

#### ***Instruction***

To maintain the district's Effective status and make progress towards becoming the first urban district to achieve Excellent status

To achieve Adequate Yearly Progress as measured by the district report card by improving the scores of students with disabilities in reading

To maintain all of the 21 indicators gained on the 2006-2007 district report card and gain 5<sup>th</sup> and 8<sup>th</sup> grade math indicators

To achieve the science indicators at the 10<sup>th</sup> and 11<sup>th</sup> grade levels

To improve science and social studies scores at 5<sup>th</sup> and 8<sup>th</sup> grade by at least 5%

To improve the graduation rate to at least 80% (current rate: 75.1%)

## **AWARDS AND ACKNOWLEDGEMENTS**

***GFOA Certificate of Achievement*** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Newark City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006.

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

### **Acknowledgements**

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

Respectfully submitted,



Keith Richards  
Superintendent



Julie L. Taylor  
Treasurer/CFO

**NEWARK CITY SCHOOL DISTRICT**

**List of Principal Officials**

**Board of Education**

Robert Handelman	Board Member, President (1/1/04 – 12/31/07)
Molly Ingold	Board Member, Vice President (1/1/06 – 12/31/09)
Karen Kreager	Board Member (1/1/04 – 12/31/07)
Dr. David Paul	Board Member (4/11/06 – 12/31/07)
Thomas Bline	Board Member (1/1/07 – 12/31/07)

**Administration**

Keith E. Richards	Superintendent – (Hired 8/1/02)
Julie Taylor	Treasurer – (Hired 8/8/05)
Dan Montgomery	Assistant Superintendent – (Hired 9/1/03)
Cara Riddel	Director, Certificated Personnel/Human Resources (Hired 8/26/91)
David C. Altepeter	Director, Classified Personnel/Support Services (Hired 7/8/96)
Dana Herreman	Director of Curriculum – (Hired 9/1/77)
Bobbie Reaves	Assistant Director of Curriculum, Contracted service – (Hired 9/2/1980)
Jean Brown	Co-Director of Special Education – (Hired 8/01/2006)
Mark Severance	Co-Director of Special Education – (Hired 7/31/92)
Karen Truett	Director, Community Outreach – (Hired 8/23/2006)

# Board of Education

## Treasurer

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

## Superintendent

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

## Assistant Superintendent

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

## Director of Certified Personnel

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

## Director of Classified Personnel & Support Services

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

## Director of Curriculum & Staff Development

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

## Director of Communication

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

## Directors (2) of Special Education

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

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Newark City School District  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

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



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Newark City School District, Licking County, Ohio, as of and for the fiscal year ended June 30, 2007, which collectively comprise Newark City School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Newark City School District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Par Excellence Academy, one of Newark City School District's discretely presented component units. Par Excellence Academy financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Newark City School District is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Newark City School District, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Independent Auditor's Report  
Newark City School District

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2007, on our consideration of Newark City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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



Julian & Grube, Inc.  
November 30, 2007



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(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, 2007. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2007 are as follows:

- In total, net assets of governmental activities increased \$3,003,706 which represents a 19.85% increase from 2006.
- General revenues accounted for \$57,858,269 in revenue or 82.18% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$12,546,064 or 17.82% of total revenues of \$70,404,333.
- The District had \$67,400,627 in expenses related to governmental activities; only \$12,546,064 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 \$57,858,269 were adequate to provide for these programs.
- The District's major governmental funds include the general fund, debt service fund and building fund. The general fund had \$51,360,287 in revenues and other financing sources and \$52,444,143 in expenditures and other financing uses. During fiscal 2007, the general fund's fund balance decreased \$1,083,856 from \$4,224,556 to \$3,140,700.
- The debt service fund had \$5,004,926 in revenues and \$4,581,461 in expenditures. During fiscal year 2007, the debt service fund's fund balance increased by \$423,465 from \$3,121,764 to \$3,545,229.
- The building fund had \$2,876,285 in revenues and other financing sources and \$34,175,998 in expenditures. During fiscal year 2007, the building fund's fund balance decreased from \$61,814,607 to \$30,514,894.

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(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 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. The accrual basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

The Statement of Net Assets and the Statement of Activities can be found on pages 26-28, of this report.

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 21. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major funds are the general fund, debt service fund and building funds.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and 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 29-32 and the budgetary statement for the general fund can be found on page 33.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)

***Proprietary Funds***

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

***Fiduciary Funds***

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 37 and 38. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 39-83 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	
	2007	2006
<b><u>Assets</u></b>		
Current assets	\$ 71,613,048	\$ 105,139,177
Capital assets, net	54,335,938	19,874,920
Total assets	125,948,986	125,014,097
<b><u>Liabilities</u></b>		
Current liabilities	29,824,621	31,356,760
Long-term liabilities	77,987,583	78,524,261
Total liabilities	107,812,204	109,881,021
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	16,214,383	13,103,344
Restricted	5,704,916	5,406,107
Unrestricted (deficit)	(3,782,517)	(3,376,375)
Total net assets	\$ 18,136,782	\$ 15,133,076

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2007, the District's assets exceeded liabilities by \$18,136,782.

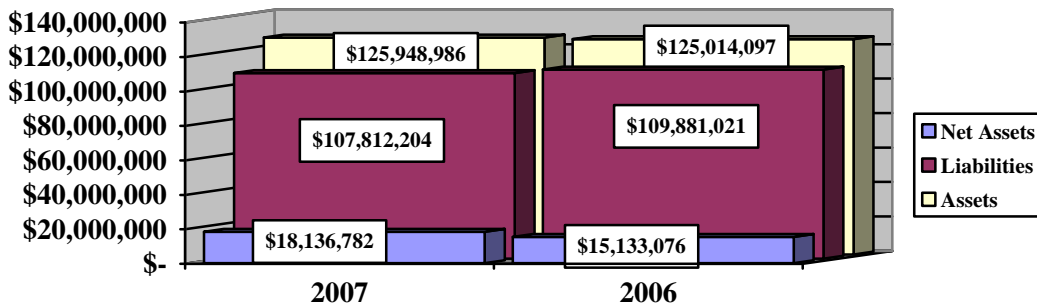
**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)**

At year-end, capital assets represented 43.14% 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, 2007, were \$16,214,383. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$5,704,916, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets was a deficit of \$3,782,517. The table below illustrates the District's assets, liabilities and net assets at June 30, 2007 and 2006.

**Governmental Activities**



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)**

The table below shows the changes in net assets for governmental activities for fiscal year 2007 compared to fiscal year 2006.

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 2,099,130	\$ 1,977,935
Operating grants and contributions	10,398,668	8,329,594
Capital grants and contributions	48,266	-
General revenues:		
Property taxes	22,185,260	19,236,671
School district income taxes	7,874,278	6,865,451
Grants and entitlements	24,336,251	26,074,935
Investment earnings	3,351,578	3,197,642
Other	<u>110,902</u>	<u>60,890</u>
Total revenues	<u>70,404,333</u>	<u>65,743,118</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	28,134,111	28,553,388
Special	7,449,750	7,431,992
Vocational	1,041,165	1,087,737
Other	293,270	194,920
Support services:		
Pupil	3,100,714	2,901,350
Instructional staff	5,179,283	4,734,810
Board of Education	241,624	345,371
Administration	4,087,770	3,910,074
Fiscal	1,131,945	1,105,748
Business	564,398	582,607
Operations and maintenance	4,989,885	5,174,107
Pupil transportation	2,783,937	2,565,336
Central	829,579	944,617
Operation of non-instructional services:		
Food service operations	2,561,467	2,604,010
Other non-instructional services	150,136	232,141
Extracurricular activities	1,029,804	1,071,732
Intergovernmental pass through	639,407	629,679
Interest and fiscal charges	<u>3,192,382</u>	<u>3,071,064</u>
Total expenses	<u>67,400,627</u>	<u>67,140,683</u>
Special Item - Gain on sale of building	-	153,011
Changes in net assets	3,003,706	(1,244,554)
Net assets at beginning of year	<u>15,133,076</u>	<u>16,377,630</u>
Net assets at end of year	<u>\$ 18,136,782</u>	<u>\$ 15,133,076</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)

**Governmental Activities**

Net assets of the District's governmental activities increased \$3,003,706. Total governmental expenses of \$67,400,627 were offset by program revenues of \$12,546,064, and general revenues of \$57,858,269. Program revenues supported 18.61% of the total governmental expenses.

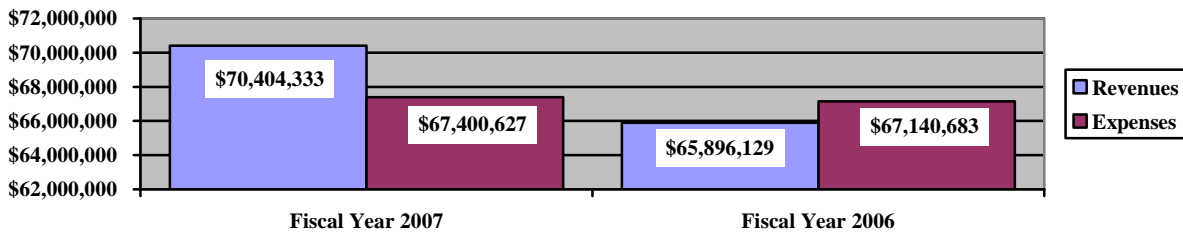
The primary sources of revenue for governmental activities are derived from property taxes, school district income taxes, and grants and entitlements. These three sources of revenue total \$54,395,789 and represent 77.26% of total governmental revenue. Real estate property is reappraised every six years. As a result of the latest reappraisal by Licking County in 2005, the District's tax valuation increased by 10.467% 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 \$6.8 million per year, is expected to provide revenue for general fund operating expenses. With the renewal of the income tax in May 2007, the District should have adequate funds for its operations through at least fiscal year 2011.

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

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2007 and 2006.

**Governmental Activities - Revenues and Expenses**



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2007 compared to 2006. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)

	<b>Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>
Program expenses:				
Instruction:				
Regular	\$ 28,134,111	\$ 24,713,198	\$ 28,553,388	\$ 26,859,101
Special	7,449,750	5,049,661	7,431,992	4,948,717
Vocational	1,041,165	891,028	1,087,737	1,087,737
Other	293,270	160,376	194,920	194,920
Support services:				
Pupil	3,100,714	2,945,160	2,901,350	2,815,145
Instructional staff	5,179,283	3,270,192	4,734,810	2,781,605
Board of Education	241,624	241,624	345,371	345,371
Administration	4,087,770	3,830,964	3,910,074	3,592,812
Fiscal	1,131,945	1,092,065	1,105,748	1,065,765
Business	564,398	564,398	582,607	582,607
Operations and maintenance	4,989,885	4,985,511	5,174,107	5,166,878
Pupil transportation	2,783,937	2,521,298	2,565,336	2,526,042
Central	829,579	682,386	944,617	677,913
Operation of non-instructional services:				
Food service operations	2,561,467	(41,175)	2,604,010	133,207
Other non-instructional services	150,136	41,461	232,141	130,896
Extracurricular activities	1,029,804	654,638	1,071,732	795,406
Intergovernmental pass through	639,407	59,396	629,679	57,968
Interest and fiscal charges	<u>3,192,382</u>	<u>3,192,382</u>	<u>3,071,064</u>	<u>3,071,064</u>
Total expenses	<u>\$ 67,400,627</u>	<u>\$ 54,854,563</u>	<u>\$ 67,140,683</u>	<u>\$ 56,833,154</u>

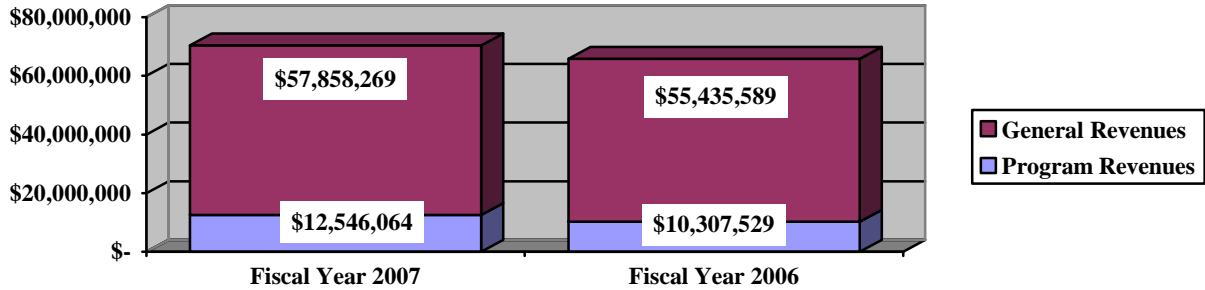
The dependence upon tax and other general revenues for governmental activities is apparent, 83.47% of instruction activities, which total \$36,918,296, are supported through taxes and other general revenues. For all governmental activities, general revenue support is 81.39%. The District's taxpayers, as a whole, are by far the primary support for the District's students.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)

The graph below presents the District's general and program revenues for fiscal years 2007 and 2006.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 29) reported a combined fund balance of \$39,373,950, which is less than last year's total of \$70,900,091. The significant decrease can primarily be attributed to the expenditures made during fiscal year 2007 for construction projects. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2007 and 2006.

	<u>Fund Balance</u> <u>June 30, 2007</u>	<u>Fund Balance</u> <u>June 30, 2006</u>	<u>Increase</u> <u>(Decrease)</u>
General	\$ 3,140,700	\$ 4,224,556	\$ (1,083,856)
Debt Service	3,545,229	3,121,764	423,465
Building	30,514,894	61,814,607	(31,299,713)
Other Governmental	<u>2,173,127</u>	<u>1,739,164</u>	<u>433,963</u>
Total	<u>\$ 39,373,950</u>	<u>\$ 70,900,091</u>	<u>\$ (31,526,141)</u>

**General Fund**

The District's general fund balance decreased \$1,083,856. 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. The District has been reducing 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.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 23,563,407	\$ 23,642,042	(0.33) %
Tuition	531,753	433,518	22.66 %
Earnings on investments	942,702	760,213	24.00 %
Intergovernmental	25,948,851	22,845,430	13.58 %
Other revenues	<u>366,754</u>	<u>267,507</u>	37.10 %
Total	<u>\$ 51,353,467</u>	<u>\$ 47,948,710</u>	7.10 %
<b><u>Expenditures</u></b>			
Instruction	\$ 32,701,573	\$ 32,544,615	0.48 %
Support services	18,990,951	18,732,943	1.38 %
Operation of non-instructional services	900	1,115	(19.28) %
Extracurricular activities	700,719	726,759	(3.58) %
Debt service	<u>-</u>	<u>116,791</u>	(100.00) %
Total	<u>\$ 52,394,143</u>	<u>\$ 52,122,223</u>	0.52 %

The increase in earnings on investments was due to increases in interest rates. The increase in tuition is due to an increase in open enrollment students. Overall, total revenues remained consistent with the previous year. In total, the overall increase in expenditures was insignificant in the general fund. Expenditures were controlled primarily through reducing staff through attrition.

***Debt Service Fund***

The District's debt service fund balance increased \$423,465. The increase is due to an increase in tax revenues due to an increase in tax valuations. The bond issue was passed for the purpose of repayment of bonds issued for school facilities construction and renovation.

***Building Fund***

The District's building fund balance decreased \$31,299,713. The building construction projects are being recorded in this fund, which received the proceeds from debt issuance in previous years. Construction projects are recorded as construction in progress at June 30, 2007, and those projects are expected to be completed during fiscal year 2008. The District is beginning to renovate the remaining buildings and have one new building yet to be built.

***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 2007, the District did not amend its general fund budgeted revenues. For the general fund, original and final budgeted revenues and other financing sources were \$49,511,500. Actual revenues and other financing sources for fiscal 2007 were \$50,787,915. Actual revenues and other financing sources were \$1,276,415 above final budgeted revenues. This is primarily due to intergovernmental estimates in the original and final budgeted amounts.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)

General fund original appropriations (appropriated expenditures plus other financing uses) of \$54,771,601 were decreased to \$54,560,725 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2007 totaled \$53,293,543, which was \$1,267,182 less than the final budget appropriations. This was primarily due to cuts made through attrition and overall reductions of expenditures.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal 2007, the District had \$54,335,938 invested in land, land improvements, buildings and improvements, construction in progress, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2007 balances compared to 2006:

	<b>Capital Assets at June 30</b>	
	<b>(Net of Depreciation)</b>	
	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
Land	\$ 1,706,908	\$ 1,706,908
Land improvements	133,028	134,111
Building and improvements	4,632,149	5,348,085
Furniture and equipment	1,584,682	1,589,540
Vehicles	1,758,447	1,601,981
Construction in progress	<u>44,520,724</u>	<u>9,494,295</u>
<b>Total</b>	<u><u>\$ 54,335,938</u></u>	<u><u>\$ 19,874,920</u></u>

Total additions to capital assets for 2007 were \$35,789,282, and total disposals were \$42,112 (net of accumulated depreciation). Depreciation recorded for the fiscal year totaled \$1,286,152. The overall increase in capital assets of \$34,461,018 is primarily due to the District's construction of new buildings and renovations of existing buildings using the school improvement bonds issued during a previous fiscal year as well as some improvements funded by the tax anticipation notes received during fiscal year 2007.

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

***Debt Administration***

At June 30, 2007, the District had \$73,382,424 in general obligation bonds, \$841,037 in tax anticipation notes and \$256,906 in capital lease obligations outstanding. Of this total, \$2,256,471 is due within one year and \$72,223,896 is due within greater than one year. The following table summarizes the bonds, notes and lease obligations outstanding at June 30, 2007 and 2006.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)

**Outstanding Debt, at Year End**

	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
General obligation bonds:		
Library improvement	\$ 5,922,424	\$ 6,193,333
School improvement	67,460,000	68,520,000
Tax anticipation notes	841,037	-
Capital lease obligations	<u>256,906</u>	<u>387,270</u>
Total	<u>\$ 74,480,367</u>	<u>\$ 75,100,603</u>

In 1998, the District passed a 0.81 mill tax levy, providing for facility improvements and additions to the District's public library, and during fiscal year 2006 the District refunded a portion of the library bonds by issuing new bonds in the amount of \$5,414,998. The general obligation bonds are scheduled to mature in fiscal year 2023 and bear an interest rate of 3.15% to 5.0%.

During fiscal year 2004 the District passed a 5.9 mill tax levy for a bond issue of \$50,000,000 and during fiscal year 2006 issued \$20,000,000 in additional bonds which will be used for the construction and renovation of school facilities. The series 2005 bonds mature in fiscal year 2033 and have interest rates varying from 3% to 4.375%. The series 2006 bonds mature in fiscal year 2034 and have interest rates varying from 3.50 to 5.00%.

The District was approved as a special needs District, however the unvoted debt margin did not exceed 1% of assessed values.

See Note 10 to the basic financial statements for further detail on the District's long-term obligations.

**Economic Conditions and Outlook**

As the preceding information shows, the District relies heavily upon grants and entitlements, property taxes and school district income taxes. The current tax revenue, along with the District's cash balance, will provide the District with the necessary funds to meet its operating expenses in fiscal year 2007. The District cash balance will be depleted by the end of fiscal year 2011. The future financial stability of the District is not without challenges.

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

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

In conclusion, the District for the short term is in good shape but if revenues do not begin to increase the District will need to look at ways to correct this problem. The District's operating levy for 7.9 mills failed on November 7, 2006. The District's income tax levy was renewed in May 2007 for five years.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(UNAUDITED)**

**Contacting the District's Financial Management**

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

**BASIC  
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS  
JUNE 30, 2007

	<b>Primary Government</b>	<b>Component Units</b>	
	<b>Governmental Activities</b>	<b>Newark Digital Academy</b>	<b>Par Excellence Academy</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 19,725,293	\$ 73,575	\$ 56,398
Investments . . . . .	24,865,675	-	-
Receivables:			
Property taxes . . . . .	22,262,038	-	-
School district income taxes . . . . .	3,189,236	-	-
Accounts . . . . .	8,002	-	-
Intergovernmental . . . . .	705,809	-	89,208
Accrued interest . . . . .	419,177	-	-
Due from component unit . . . . .	11,881	-	-
Prepayments . . . . .	43,429	100	-
Materials and supplies inventory . . . . .	37,794	-	-
Unamortized bond issuance costs . . . . .	344,714	-	-
Capital assets:			
Land and construction-in-progress. . . . .	46,227,632	-	-
Depreciable capital assets, net . . . . .	8,108,306	73,671	57,307
Total capital assets, net . . . . .	<u>54,335,938</u>	<u>73,671</u>	<u>57,307</u>
Total assets. . . . .	<u>125,948,986</u>	<u>147,346</u>	<u>202,913</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	301,120	1,867	91,365
Contracts payable. . . . .	1,261,789	-	-
Retainage payable. . . . .	709,962	-	-
Accrued wages and benefits . . . . .	5,422,692	3,925	42,732
Pension obligation payable. . . . .	1,436,989	-	10,915
Intergovernmental payable . . . . .	381,515	2,763	1,701
Due to primary government . . . . .	-	11,881	-
Unearned revenue . . . . .	20,000,235	-	-
Accrued interest payable . . . . .	272,693	-	-
Claims payable . . . . .	37,626	-	-
Loan payable. . . . .	-	-	41,325
Long-term liabilities:			
Due within one year. . . . .	2,821,937	-	-
Due in more than one year . . . . .	75,165,646	-	1,128
Total liabilities . . . . .	<u>107,812,204</u>	<u>20,436</u>	<u>189,166</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt. . . . .	16,214,383	73,671	57,307
Restricted for:			
Capital projects . . . . .	1,258,682	-	-
Debt service. . . . .	3,464,870	-	-
Locally funded programs. . . . .	72,390	-	-
State funded programs . . . . .	122,553	-	-
Federally funded programs. . . . .	286,921	-	924
Student activities. . . . .	150,598	-	-
Public school support . . . . .	84,477	-	-
Other purposes . . . . .	264,425	-	-
Unrestricted (deficit) . . . . .	<u>(3,782,517)</u>	<u>53,239</u>	<u>(44,484)</u>
Total net assets . . . . .	<u>\$ 18,136,782</u>	<u>\$ 126,910</u>	<u>\$ 13,747</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 28,134,111	\$ 669,166	\$ 2,751,747	\$ -
Special . . . . .	7,449,750	-	2,400,089	-
Vocational . . . . .	1,041,165	-	150,137	-
Other . . . . .	293,270	-	132,894	-
Support services:				
Pupil. . . . .	3,100,714	-	155,554	-
Instructional staff . . . . .	5,179,283	-	1,909,091	-
Board of education. . . . .	241,624	-	-	-
Administration. . . . .	4,087,770	-	256,806	-
Fiscal. . . . .	1,131,945	23,322	16,558	-
Business. . . . .	564,398	-	-	-
Operations and maintenance . . . . .	4,989,885	4,374	-	-
Pupil transportation. . . . .	2,783,937	45,245	169,128	48,266
Central . . . . .	829,579	-	147,193	-
Operation of non-instructional services:				
Food service operations . . . . .	2,561,467	1,123,246	1,479,396	-
Other non-instructional services. . . . .	150,136	1,689	106,986	-
Extracurricular activities. . . . .	1,029,804	232,088	143,078	-
Intergovernmental pass through . . . . .	639,407	-	580,011	-
Interest and fiscal charges . . . . .	3,192,382	-	-	-
Totals . . . . .	<u>\$ 67,400,627</u>	<u>\$ 2,099,130</u>	<u>\$ 10,398,668</u>	<u>\$ 48,266</u>
<b>Component Units:</b>				
Newark Digital Academy . . . . .	\$ 414,459	\$ -	\$ 31,133	\$ -
Par Excellence Academy. . . . .	725,576	-	317,016	-
Total component units. . . . .	<u>\$ 1,140,035</u>	<u>\$ -</u>	<u>\$ 348,149</u>	<u>\$ -</u>

**General Revenues:**

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

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

<b>Primary Government</b>	<b>Component Units</b>	
<b>Governmental Activities</b>	<b>Newark Digital Academy</b>	<b>Par Excellence Academy</b>
\$ (24,713,198)	\$ -	\$ -
(5,049,661)	-	-
(891,028)	-	-
(160,376)	-	-
(2,945,160)	-	-
(3,270,192)	-	-
(241,624)	-	-
(3,830,964)	-	-
(1,092,065)	-	-
(564,398)	-	-
(4,985,511)	-	-
(2,521,298)	-	-
(682,386)	-	-
41,175	-	-
(41,461)	-	-
(654,638)	-	-
(59,396)	-	-
(3,192,382)	-	-
<u>\$ (54,854,563)</u>	<u>-</u>	<u>-</u>
-	(383,326)	-
-	-	(408,560)
-	(383,326)	(408,560)
16,151,573	-	-
4,520,108	-	-
1,513,579	-	-
7,874,278	-	-
24,336,251	342,619	456,851
3,351,578	882	-
110,902	405	28,283
<u>57,858,269</u>	<u>343,906</u>	<u>485,134</u>
3,003,706	(39,420)	76,574
15,133,076	166,330	(62,827)
<u>\$ 18,136,782</u>	<u>\$ 126,910</u>	<u>\$ 13,747</u>

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents . . . . .	\$ 5,268,474	\$ 3,257,652	\$ 7,574,603	\$ 3,155,816	\$ 19,256,545
Investments . . . . .	-	-	24,865,675	-	24,865,675
Receivables:					
Property taxes . . . . .	16,058,184	4,658,121	-	1,545,733	22,262,038
School district income tax . . . . .	3,189,236	-	-	-	3,189,236
Accounts . . . . .	7,318	-	-	684	8,002
Intergovernmental . . . . .	28,058	-	-	677,751	705,809
Accrued interest . . . . .	62,876	-	356,301	-	419,177
Interfund loans . . . . .	86,067	-	-	-	86,067
Due from component unit . . . . .	11,881	-	-	-	11,881
Prepayments . . . . .	41,558	-	-	1,871	43,429
Materials and supplies inventory . . . . .	-	-	-	37,794	37,794
Restricted assets:					
Equity in pooled cash and cash equivalents . . . . .	264,425	-	-	-	264,425
Total assets . . . . .	<u>\$ 25,018,077</u>	<u>\$ 7,915,773</u>	<u>\$ 32,796,579</u>	<u>\$ 5,419,649</u>	<u>\$ 71,150,078</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 151,197	\$ -	\$ 15,233	\$ 134,690	\$ 301,120
Contracts payable . . . . .	-	-	1,261,789	-	1,261,789
Retainage payable . . . . .	-	-	709,962	-	709,962
Accrued wages and benefits . . . . .	4,792,317	-	-	630,375	5,422,692
Compensated absences payable . . . . .	329,192	-	-	5,937	335,129
Pension obligation payable . . . . .	1,198,643	-	-	238,346	1,436,989
Intergovernmental payable . . . . .	349,183	2,107	-	30,225	381,515
Interfund loan payable . . . . .	-	-	-	86,067	86,067
Unearned revenue . . . . .	14,415,476	4,195,999	-	1,388,760	20,000,235
Deferred revenue . . . . .	641,369	172,438	294,701	732,122	1,840,630
Total liabilities . . . . .	<u>21,877,377</u>	<u>4,370,544</u>	<u>2,281,685</u>	<u>3,246,522</u>	<u>31,776,128</u>
<b>Fund Balances:</b>					
Reserved for encumbrances . . . . .	461,710	-	17,755,329	567,436	18,784,475
Reserved for debt service . . . . .	-	3,293,229	-	-	3,293,229
Reserved for BWC refunds . . . . .	264,425	-	-	-	264,425
Reserved for materials and supplies inventory . . . . .	-	-	-	37,794	37,794
Reserved for property tax unavailable for appropriation . . . . .	862,000	252,000	-	82,000	1,196,000
Reserved for prepayments . . . . .	41,558	-	-	1,871	43,429
Unreserved:					
Designated for budget stabilization . . . . .	669,981	-	-	-	669,981
Undesignated, reported in:					
General fund . . . . .	841,026	-	-	-	841,026
Special revenue funds . . . . .	-	-	-	511,036	511,036
Capital projects funds . . . . .	-	-	12,759,565	972,990	13,732,555
Total fund balances . . . . .	<u>3,140,700</u>	<u>3,545,229</u>	<u>30,514,894</u>	<u>2,173,127</u>	<u>39,373,950</u>
Total liabilities and fund balances . . . . .	<u>\$ 25,018,077</u>	<u>\$ 7,915,773</u>	<u>\$ 32,796,579</u>	<u>\$ 5,419,649</u>	<u>\$ 71,150,078</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2007

<b>Total governmental fund balances</b>		\$ 39,373,950
<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.		54,335,938
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 837,820	
Intergovernmental revenue	675,303	
Accrued interest	325,696	
Accounts	1,811	
Total		1,840,630
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.		166,697
Unamortized deferred charges are not recognized in the funds.		183,590
Unamortized bond issuance costs are not recognized in the funds.		344,714
Unamortized premiums on bond issuances are not recognized in the funds.		(1,033,189)
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.		(272,693)
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	(73,382,424)	
Tax anticipation notes	(841,037)	
Compensated absences	(2,322,488)	
Capital lease obligation	(256,906)	
Total		(76,802,855)
<b>Net assets of governmental activities</b>		<b>\$ 18,136,782</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, 2007

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
From local sources:					
Taxes . . . . .	\$ 23,563,407	\$ 4,499,719	\$ -	\$ 1,508,888	\$ 29,572,014
Tuition. . . . .	531,753	-	-	-	531,753
Transportation fees . . . . .	45,245	-	-	-	45,245
Charges for services . . . . .	-	-	-	1,123,246	1,123,246
Earnings on investments. . . . .	942,702	-	2,868,285	52,896	3,863,883
Extracurricular. . . . .	-	-	-	233,777	233,777
Classroom materials and fees . . . . .	111,387	-	-	-	111,387
Other local revenues. . . . .	210,122	-	-	242,881	453,003
Intergovernmental - intermediate. . . . .	-	-	-	10,500	10,500
Intergovernmental - state . . . . .	25,897,014	505,207	-	2,164,175	28,566,396
Intergovernmental - federal . . . . .	51,837	-	-	6,224,055	6,275,892
Total revenues. . . . .	<u>51,353,467</u>	<u>5,004,926</u>	<u>2,868,285</u>	<u>11,560,418</u>	<u>70,787,096</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	26,480,972	-	-	1,094,236	27,575,208
Special. . . . .	5,007,104	-	-	2,342,423	7,349,527
Vocational. . . . .	1,034,465	-	-	-	1,034,465
Other . . . . .	179,032	-	-	113,882	292,914
Support Services:					
Pupil. . . . .	2,933,233	-	-	145,213	3,078,446
Instructional staff . . . . .	2,835,668	-	-	2,195,887	5,031,555
Board of education . . . . .	241,624	-	-	-	241,624
Administration . . . . .	3,746,360	-	-	296,471	4,042,831
Fiscal . . . . .	974,083	76,848	-	74,001	1,124,932
Business. . . . .	494,748	-	-	2,500	497,248
Operations and maintenance . . . . .	4,763,851	-	-	200,017	4,963,868
Pupil transportation . . . . .	2,411,638	-	-	513,904	2,925,542
Central. . . . .	589,746	-	-	343,605	933,351
Operation of non-instructional services:					
Food service operations. . . . .	-	-	-	2,535,527	2,535,527
Other non-instructional services. . . . .	900	-	-	129,117	130,017
Extracurricular activities . . . . .	700,719	-	-	300,995	1,001,714
Intergovernmental pass through . . . . .	-	-	-	626,176	626,176
Facilities acquisition and construction. . . . .	-	-	34,175,998	947,554	35,123,552
Debt service:					
Principal retirement . . . . .	-	1,355,000	-	279,327	1,634,327
Interest and fiscal charges . . . . .	-	3,149,613	-	45,466	3,195,079
Total expenditures . . . . .	<u>52,394,143</u>	<u>4,581,461</u>	<u>34,175,998</u>	<u>12,186,301</u>	<u>103,337,903</u>
Excess of revenues over (under) expenditures . . . . .	<u>(1,040,676)</u>	<u>423,465</u>	<u>(31,307,713)</u>	<u>(625,883)</u>	<u>(32,550,807)</u>
<b>Other financing sources (uses):</b>					
Transfers in . . . . .	-	-	-	50,000	50,000
Transfers (out) . . . . .	(50,000)	-	-	-	(50,000)
Note issuance . . . . .	-	-	-	990,000	990,000
Sale of assets . . . . .	6,820	-	8,000	3,000	17,820
Total other financing sources (uses) . . . . .	<u>(43,180)</u>	<u>-</u>	<u>8,000</u>	<u>1,043,000</u>	<u>1,007,820</u>
Net change in fund balances . . . . .	(1,083,856)	423,465	(31,299,713)	417,117	(31,542,987)
<b>Fund balances at beginning of year . . . . .</b>	<b>4,224,556</b>	<b>3,121,764</b>	<b>61,814,607</b>	<b>1,739,164</b>	<b>70,900,091</b>
<b>Increase in reserve for inventory. . . . .</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,846</b>	<b>16,846</b>
<b>Fund balances at end of year . . . . .</b>	<u><b>\$ 3,140,700</b></u>	<u><b>\$ 3,545,229</b></u>	<u><b>\$ 30,514,894</b></u>	<u><b>\$ 2,173,127</b></u>	<u><b>\$ 39,373,950</b></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**Net change in fund balances - total governmental funds** \$ (31,542,987)

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

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

Capital asset additions	\$ 35,789,282	
Current year depreciation	(1,286,152)	
Total		34,503,130

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

(42,112)

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

Delinquent property taxes	487,524	
Intergovernmental	(369,049)	
Accrued interest	(501,885)	
Accounts receivable	647	
Total		(382,763)

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

16,846

Repayment of long-term debt, including bonds and capital leases, is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement net assets.

1,634,327

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

Decrease in accrued interest payable	6,892	
Accreted interest on "capital appreciation" bonds	(24,091)	
Amortization of bond issuance costs	(15,944)	
Amortization on bond premiums	47,621	
Amortization of deferred charge on refunding	(11,781)	
Total		2,697

The issuance of notes are recorded as other financing sources in the funds, however, on the statement of activities they are not reported as revenues as they increase liabilities on the statement of net assets.

(990,000)

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

(204,508)

The internal service funds used by management to charge the costs of a dental self-insurance program, is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue of the internal service funds are allocated among the governmental activities.

9,076

**Change in net assets of governmental activities** \$ 3,003,706

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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 22,221,202	\$ 22,221,202	\$ 22,794,069	\$ 572,867
Tuition . . . . .	548,746	548,746	562,892	14,146
Transportation fees . . . . .	44,115	44,115	45,252	1,137
Earnings on investments . . . . .	863,437	863,437	885,697	22,260
Classroom materials and fees . . . . .	112,988	112,988	115,901	2,913
Other local revenue . . . . .	159,873	199,676	203,798	4,122
Intergovernmental-state . . . . .	25,246,164	25,246,164	25,897,014	650,850
Intergovernmental-federal . . . . .	46,331	46,331	47,525	1,194
Total revenues . . . . .	<u>49,242,856</u>	<u>49,282,659</u>	<u>50,552,148</u>	<u>1,269,489</u>
<b>Expenditures:</b>				
Salaries and wages . . . . .	34,970,747	34,836,107	34,027,032	809,075
Fringe benefits . . . . .	10,626,325	10,585,412	10,339,564	245,848
Purchased services . . . . .	5,984,702	5,961,661	5,823,200	138,461
Supplies and materials . . . . .	2,202,935	2,194,454	2,143,487	50,967
Capital outlay . . . . .	54,818	54,607	53,339	1,268
Other . . . . .	730,790	729,773	712,866	16,907
Total expenditures . . . . .	<u>54,570,317</u>	<u>54,362,014</u>	<u>53,099,488</u>	<u>1,262,526</u>
Excess of revenues over (under) expenditures . . . . .	<u>(5,327,461)</u>	<u>(5,079,355)</u>	<u>(2,547,340)</u>	<u>2,532,015</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's receipts . . . . .	(32,265)	(32,140)	(31,394)	746
Refund of prior year expenditures . . . . .	38,575	38,575	39,570	995
Sale of assets . . . . .	6,649	6,649	6,820	171
Other miscellaneous use of funds . . . . .	(4,639)	(4,621)	(4,514)	107
Transfers in . . . . .	84,699	44,896	47,080	2,184
Transfers (out) . . . . .	(101,619)	(99,431)	(97,080)	2,351
Advances in . . . . .	138,721	138,721	142,297	3,576
Advances (out) . . . . .	(62,761)	(62,519)	(61,067)	1,452
Total other financing sources (uses) . . . . .	<u>67,360</u>	<u>30,130</u>	<u>41,712</u>	<u>11,582</u>
Net change in fund balance . . . . .	(5,260,101)	(5,049,225)	(2,505,628)	2,543,597
<b>Fund balance at beginning of year . . . . .</b>	<b>6,766,001</b>	<b>6,766,001</b>	<b>6,766,001</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>582,322</b>	<b>582,322</b>	<b>582,322</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 2,088,222</u></b>	<b><u>\$ 2,299,098</u></b>	<b><u>\$ 4,842,695</u></b>	<b><u>\$ 2,543,597</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2007

	<u><b>Governmental Activities - Internal Service Fund</b></u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 204,323
Total assets. . . . .	<u>204,323</u>
<b>Liabilities:</b>	
Claims payable . . . . .	<u>37,626</u>
Total liabilities . . . . .	<u>37,626</u>
<b>Net assets:</b>	
Unrestricted. . . . .	<u>166,697</u>
Total net assets . . . . .	<u><u>\$ 166,697</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating revenues:</b>	
Charges for services. . . . .	\$ 497,602
Total operating revenues . . . . .	<u>497,602</u>
<b>Operating expenses:</b>	
Purchased services. . . . .	48,537
Claims . . . . .	<u>439,989</u>
Total operating expenses . . . . .	<u>488,526</u>
Operating income and change in net assets .	9,076
<b>Net assets at beginning of year . . . . .</b>	<u>157,621</u>
<b>Net assets at end of year. . . . .</b>	<u><u>\$ 166,697</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, 2007

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash receipts from charges for services . . . . .	\$ 497,602
Cash payments for purchased services . . . . .	(48,537)
Cash payments for claims . . . . .	<u>(464,456)</u>
Net cash used in operating activities . . . . .	(15,391)
<b>Cash and cash equivalents at beginning of year . . .</b>	<u>219,714</u>
<b>Cash and cash equivalents at end of year. . . . .</b>	<u><u>\$ 204,323</u></u>
 <b>Reconciliation of operating income to net cash used in operating activities:</b>	
Operating income . . . . .	\$ 9,076
Changes in assets and liabilities:	
Decrease in claims payable. . . . .	<u>(24,467)</u>
Net cash used in operating activities . . . . .	<u><u>\$ (15,391)</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, 2007

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 54,905	\$ 40,669
Total assets. . . . .	54,905	\$ 40,669
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 402
Due to students . . . . .	-	40,267
Total liabilities . . . . .	-	\$ 40,669
<b>Net Assets:</b>		
Held in trust for scholarships . . . . .	54,905	
Total net assets . . . . .	\$ 54,905	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 2,768
Gifts and contributions. . . . .	1,000
	3,768
Total additions. . . . .	3,768
<b>Deductions:</b>	
Scholarships awarded . . . . .	3,957
Change in net assets . . . . .	(189)
<b>Net assets at beginning of year . . . . .</b>	<b>55,094</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 54,905</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

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

The District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the District's twenty-six instructional/support facilities (eleven buildings at a campus-style high school), one administrative building, and one transportation/maintenance/warehouse building compound all staffed by 361 non-certified employees, 538 certified employees and 33 administrators, to provide services to approximately 6,350 students in grades K through 12. The District ranks as the 44<sup>th</sup> largest by total enrollment among the 876 public school districts and community schools in the state.

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

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

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access to organization's resources; (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based upon the application of these criteria, the District has two 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, 2007

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

*DISCRETELY PRESENTED COMPONENT UNITS*

Newark Digital Academy (NDA)

The NDA is a legally separate, non-profit corporation established pursuant to Ohio Revised Code Chapters 3314 and 3314.03. The NDA is a conversion school that addresses the needs of students who desire a program of online instruction in an independent environment that does not include the most ancillary components of a more traditional education. The NDA is governed by a Board of Trustees. The NDA Board of Trustees may adopt budgets, hire and fire employees, and receive funding from the Ohio Department of Education. Based on the significant services provided by the District to the Academy, the Academy's purpose of servicing the students within the District, and the relationship between the Board of Education of the District and the Board of Directors of the Academy, the Academy is reflected as a component unit of the District. Separately issued financial statements can be obtained from the Treasurer of the NDA at 85 East Main Street, Newark, Ohio 43055.

Par Excellence Academy (Par Ex)

The Par Ex is a legally separate, non-profit corporation established pursuant to Ohio Revised Code Chapters 3314 and 3313.03. The Par Ex is a new conversion school that addresses the needs of students in grades Kindergarten through Third who show a strong interest or talent for the visual arts. The Par Ex is governed by a Board of Trustees. The Board of Trustees may adopt budgets, hire and fire employees, and receive funding from the Ohio Department of Education. Based on the significant services provided by the District to Par Ex, Par Ex's purpose of servicing the students within the District, and the relationship between the Board of Education of the District and the Board of Trustees of Par Ex, Par Ex is reflected as a component unit of the District. Separately issued financial statements can be obtained from the Treasurer of Par Ex at 96 Maholm Street, Newark, Ohio 43055.

Information in the following notes to the basic financial statements is applicable to the primary government. Information relative to the NDA and Par Ex component units can be found in Notes 19 and 20 to these basic financial statements.

*JOINTLY GOVERNED ORGANIZATIONS*

Licking Area Computer Association (LACA)

LACA is the computer service organization or Data Acquisition Site (DAS) used by the District. LACA is an association of public school districts in a geographic area determined by the Ohio Department of Education. The Licking County Educational Service Center acts as the fiscal agent for the association. The purpose of the association is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All Districts in the association are required to pay fees, charges, and assessments as charged. A board made up of superintendents from all of the participating districts governs LACA. An elected Executive Board consisting of five members of the governing board is the managerial body of the association and meets on a monthly basis. The District does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments to LACA in the amount of \$346,502 were made from the general fund to LACA during the current fiscal year.

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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

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

*PUBLIC ENTITY RISK POOL*

Workers' Compensation Group Rating Program

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

Ohio Schools Risk Sharing Authority

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

*RELATED ORGANIZATIONS*

Newark Public Library (the "Library")

The Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. A Board of Trustees appointed by the District's Board of Education governs the Library. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the District for operational subsidies. Although the District serves as the taxing authority and may issue tax-related debt on behalf of the Library, its role is limited to a ministerial function. The District has issued bonds on behalf of the Library (see Note 10). The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. The Library is not considered part of the District, and its operations are not included within the accompanying basic financial statements.

**B. Fund Accounting**

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

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

*GOVERNMENTAL FUNDS*

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

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

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

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

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

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

*PROPRIETARY FUNDS*

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

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

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust 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.



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**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 activity is eliminated to avoid "doubling up" revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation.

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's dental self-insurance internal service fund are charges for services (premiums). Operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2007 are recorded as deferred revenue.

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

**NEWARK CITY SCHOOL DISTRICT**  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities received during the year is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances as an expenditure with a like amount reported as intergovernmental revenue.

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

**E. Budgets**

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

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 the Licking County Budget Commission for rate determination. The Licking County Budget Commissioners waived this requirement for fiscal year 2007.

Estimated Resources: By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the original and final amended Certificate of Estimated Resources issued during the fiscal year.

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

**NEWARK CITY SCHOOL DISTRICT**  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

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

**F. Cash and Investments**

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

During fiscal year 2007, investments were limited to commercial paper, federal agency securities, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value, which is based on quoted market prices.

The District has invested funds in STAR Ohio during fiscal 2007. 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, 2007.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2007 amounted to \$942,702, which includes \$535,191 assigned from other District funds.

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

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

**G. Inventory**

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

**NEWARK CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

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

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

**H. Capital Assets**

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

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

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

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

**I. Interfund Balances**

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

**J. Compensated Absences**

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

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

**NEWARK CITY SCHOOL DISTRICT**  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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, debt service, materials and supplies inventory, prepayments, property taxes unavailable for appropriation, and Bureau of Workers' Compensation (BWC) refunds. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriation under State statute. A fund balance designation is reported for amounts set-aside by the District for budget stabilization.

**M. Net Assets**

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

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

**N. Prepayments**

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**O. Estimates**

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

**P. Restricted Assets**

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

**Q. Interfund Activity**

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

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

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

On government-wide financial statements, bond issuance costs are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Unamortized bond issuance costs are recorded as an asset on the financial statements.

Bond premiums are deferred and accreted over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds. Capital appreciation bond discounts are accreted over the term of the bonds.

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

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

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

**S. Nonpublic Schools**

Within the boundaries of the District, Saint Francis Elementary, Blessed Sacrament Elementary, and Newark Catholic High School are operated through the Columbus Catholic Diocese; and Montessori and Kairos Academy are operated as private schools. State Legislation provides funding to these parochial and private schools. The District receives the money and then disburses the money as directed by the parochial and private schools. These transactions are reported in a nonmajor governmental fund of the District.

**T. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2007.

**NOTE 3 - ACCOUNTING PRINCIPLES AND COMPLIANCE**

**Deficit Fund Balances**

Fund balances at June 30, 2007 included the following individual fund deficits:

<u>Nonmajor Funds</u>	<u>Deficit</u>
Management Information Systems	\$ 26,812
Entry Year Programs	98
Alternative Schools	1,062
Title VI-B	156,543
Title I	71,897
EHA Preschool Grant	8,461
Reducing Class Size	21,093
Miscellaneous Federal Grants	2,647

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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



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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash on Hand**

At year-end, the District had \$3,678 in undeposited cash on hand which is included on the financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents."

**B. Deposits with Financial Institutions**

At June 30, 2007, the carrying amount of all District deposits was \$7,187,121. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2007, \$9,062,429 of the District's bank balance of \$9,562,429 was exposed to custodial risk as discussed below, while \$500,000 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

**C. Investments**

As of June 30, 2007, the District had the following investments and maturities:

Investment type	Fair Value	Investment Maturities			
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months
Commercial paper	\$ 3,480,947	\$ 3,480,947	\$ -	\$ -	\$ -
FHLB	15,328,147	6,693,481	4,256,173	3,383,291	995,202
FHLMC	4,533,579	4,533,579	-	-	-
FNMA	5,003,949	2,297,954	1,248,995	1,457,000	-
FHLMC Discount Note	2,490,943	2,490,943	-	-	-
FNMA Discount Note	1,990,548	1,990,548	-	-	-
STAR Ohio	4,667,630	4,667,630	-	-	-
	<u>\$ 37,495,743</u>	<u>\$ 26,155,082</u>	<u>\$ 5,505,168</u>	<u>\$ 4,840,291</u>	<u>\$ 995,202</u>

The weighted average maturity of investments is .36 years.

**NEWARK CITY SCHOOL DISTRICT**  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

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

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

*Concentration of Credit Risk:* The District's investment policy places specific limits on the percentage of the District's portfolio that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2007:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
Commercial Paper	\$ 3,480,947	9.28
FHLB	15,328,147	40.88
FHLMC	4,533,579	12.09
FNMA	5,003,949	13.35
FHLMC Discount Note	2,490,943	6.64
FNMA Discount Note	1,990,548	5.31
STAR Ohio	4,667,630	12.45
	<u>\$ 37,495,743</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2007:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 7,187,121
Investments	37,495,743
Cash on hand	<u>3,678</u>
Total	<u>\$ 44,686,542</u>
<u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 44,590,968
Private-purpose trust funds	54,905
Agency funds	<u>40,669</u>
Total	<u>\$ 44,686,542</u>

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**NOTE 5 - INTERFUND TRANSACTIONS**

- A.** Interfund balances at June 30, 2007, 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	District Managed Student Activities (special revenue fund)	\$ 20,000
General	Management Information Systems (special revenue fund)	25,000
General	Title I (special revenue fund)	21,604
General	Title VI (special revenue fund)	8,335
General	EHA Preschool Grant (special revenue fund)	482
General	Reducing Class Size (special revenue fund)	3,415
General	Miscellaneous Federal Grants (special revenue fund)	<u>7,231</u>
Total		<u>\$ 86,067</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, 2007, consisted of the following, as reported on the fund financial statements:

Transfers to Nonmajor Governmental funds from:	
General fund	\$ 50,000

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.

**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. 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 alternate payment dates to be established.

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

Public utility property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The full tax rate for District operations for the year ended June 30, 2007, was \$39.42 per \$1,000.00 of assessed value. The assessed values of real and tangible personal property for tax year 2007 are as follows:

	2006 Second Half Collections		2007 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Real property	\$ 739,828,180	89.28	\$ 748,482,390	92.44
Public utility personal	28,310,940	3.42	28,457,510	3.51
Tangible personal property	<u>60,520,190</u>	<u>7.30</u>	<u>32,795,180</u>	<u>4.05</u>
Total assessed valuation	<u>\$ 828,659,310</u>	<u>100.00</u>	<u>\$ 809,735,080</u>	<u>100.00</u>

Tangible personal property tax revenue received during calendar 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. For 2006, tangible personal property was assessed at 18.75% for property including inventory. This percentage was reduced to 12.5% for 2007, and will be 6.25% for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

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

The 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.

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

Accrued property taxes receivables represent delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable as of June 30, 2007. 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 unearned revenue. The late settlement and the amount available as an advance at June 30 are recognized as revenue. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

The amount available as an advance at June 30, 2007, was \$1,196,000 and is recognized as revenue. \$862,000 was available to the general fund, \$252,000 was available to the Debt Service fund and \$82,000 was available to the nonmajor governmental funds. The amount that was available for advance at June 30, 2006 was \$653,400 to the general fund, \$194,400 to the Debt Service fund and \$62,200 to the nonmajor governmental funds.

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

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2007 consisted of property taxes, income taxes, accounts (billings for user charged services and student fees), accrued interest, due from component unit, 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	\$ 22,262,038
School district income tax	3,189,236
Accounts	8,002
Intergovernmental	705,809
Accrued interest	419,177
Due from component unit	<u>11,881</u>
Total	<u>\$ 26,596,143</u>

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

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**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	<u>Balance</u> <u>06/30/06</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>06/30/07</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,706,908	\$ -	\$ -	\$ 1,706,908
Construction-in-progress	<u>9,494,295</u>	<u>35,026,429</u>	<u>-</u>	<u>44,520,724</u>
Non-depreciable capital assets	<u>11,201,203</u>	<u>35,026,429</u>	<u>-</u>	<u>46,227,632</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	396,362	24,103	-	420,465
Building/improvements	24,089,257	10,000	(61,355)	24,037,902
Furniture/equipment	3,029,131	266,300	(21,388)	3,274,043
Vehicles	<u>3,528,973</u>	<u>462,450</u>	<u>(236,287)</u>	<u>3,755,136</u>
Depreciable capital assets	<u>31,043,723</u>	<u>762,853</u>	<u>(319,030)</u>	<u>31,487,546</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(262,251)	(25,186)	-	(287,437)
Building/improvements	(18,741,172)	(691,113)	26,532	(19,405,753)
Furniture/equipment	(1,439,591)	(268,762)	18,992	(1,689,361)
Vehicles	<u>(1,926,992)</u>	<u>(301,091)</u>	<u>231,394</u>	<u>(1,996,689)</u>
Total accumulated depreciation	<u>(22,370,006)</u>	<u>(1,286,152)</u>	<u>276,918</u>	<u>(23,379,240)</u>
Governmental activities capital assets, net	<u>\$ 19,874,920</u>	<u>\$ 34,503,130</u>	<u>\$ (42,112)</u>	<u>\$ 54,335,938</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 595,603
Special	7,065
Vocational	25,381
<u>Support Services:</u>	
Pupil	22,240
Instructional staff	36,730
Administration	45,231
Fiscal	1,098
Business	68,068
Operations and maintenance	62,072
Pupil transportation	277,658
Central	19,017
Operation of non-instructional services:	
Food service operations	64,234
Other non-instructional services	19,948
Extracurricular activities	<u>41,807</u>
Total depreciation expense	<u>\$ 1,286,152</u>

**NEWARK CITY SCHOOL DISTRICT  
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**NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

During fiscal year 2006, the District entered into a capitalized lease for copier equipment. This lease agreement meets 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 and in the budgetary statements. At June 30, 2007, the capital assets acquired by the capital lease obligations outstanding at fiscal year-end have been capitalized in the amount of \$408,409, which represents the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2007 was \$122,523, leaving a current book value of \$285,886.

A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2007 totaled \$130,364 paid by a nonmajor governmental (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, 2007:

<u>Fiscal Year Ending June 30,</u>	<u>Copier</u>
2008	\$ 147,100
2009	<u>122,585</u>
Total minimum lease payments	269,685
Less: amount representing interest	<u>(12,779)</u>
Total	<u><u>\$ 256,906</u></u>



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**NOTE 10 - LONG-TERM OBLIGATIONS**

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

	<u>Interest Rate</u>	<u>Balance Outstanding June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Outstanding June 30, 2007</u>	<u>Amounts Due in One Year</u>
<b>Governmental Activities:</b>						
<u>General Obligation Bonds:</u>						
Library improvements						
bonds-series 1998	5.14%	\$ 770,000	\$ -	\$ (245,000)	\$ 525,000	\$ 255,000
Library refunding						
bonds-series 2006	3.50%	<u>5,423,333</u>	<u>24,091</u>	<u>(50,000)</u>	<u>5,397,424</u>	<u>30,000</u>
Total library bonds		<u>6,193,333</u>	<u>24,091</u>	<u>(295,000)</u>	<u>5,922,424</u>	<u>285,000</u>
School improvement						
bonds-series 2005	3%-4.375%	48,520,000	-	(1,060,000)	47,460,000	1,090,000
School improvement						
bonds-series 2005A	3.5-4.5%	<u>20,000,000</u>	<u>-</u>	<u>-</u>	<u>20,000,000</u>	<u>420,000</u>
Total school improvement bonds		<u>68,520,000</u>	<u>-</u>	<u>(1,060,000)</u>	<u>67,460,000</u>	<u>1,510,000</u>
Total general obligation bonds payable		<u>74,713,333</u>	<u>24,091</u>	<u>(1,355,000)</u>	<u>73,382,424</u>	<u>1,795,000</u>
<u>Tax Anticipation Notes:</u>						
Tax anticipation notes series 2006		-	990,000	(148,963)	841,037	324,325
Total tax anticipation notes		-	<u>990,000</u>	<u>(148,963)</u>	<u>841,037</u>	<u>324,325</u>
<u>Other Long-Term Obligations:</u>						
Capital lease obligation		387,270	-	(130,364)	256,906	137,146
Compensated absences		<u>2,538,219</u>	<u>804,730</u>	<u>(685,332)</u>	<u>2,657,617</u>	<u>565,466</u>
Total other long-term obligations		<u>2,925,489</u>	<u>804,730</u>	<u>(815,696)</u>	<u>2,914,523</u>	<u>702,612</u>
Total long-term obligations governmental activities		<u>\$ 77,638,822</u>	<u>\$ 1,818,821</u>	<u>\$ (2,319,659)</u>	77,137,984	<u>\$ 2,821,937</u>
Unamortized premium on bonds					1,033,189	
Deferred charges in refunding bonds					<u>(183,590)</u>	
Total on statement of net assets					<u>\$ 77,987,583</u>	

*Library Improvement Bond Series 98:* 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 matured on December 1, 2005. The capital appreciation bonds have effective interest rates of 22.40% and 22.45% and mature at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. At maturity, the difference between the principal received and the par value of the capital appreciation bonds is reported as interest expense.

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

Library Refunding Bond Series 2006: On January 5, 2006, the District, on behalf of the public library, refunded the callable portion of the library improvement bonds. Bond proceeds were received in the debt service fund and disbursed to the bond escrow account to retire the Series 98 bonds. This refunding issue is comprised of both current interest bonds, par value \$5,330,000, and capital appreciation bonds, par value \$84,998. The interest rates on the current interest bonds range from 3.50% to 5.0%. The capital appreciation bonds mature on December 1, 2011, and have an effective interest rate of 23.34%, and mature at a redemption price equal to 100% of the principal plus accrued interest at 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. The accreted value at maturity for the capital appreciation bonds is \$330,000. Total of \$32,426 in accreted interest has also been included in the statement of net assets.

The reacquisition price exceeded the net carrying amount of the old debt by \$202,282. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

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

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

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

Tax Anticipation Notes: The District issued tax anticipation notes on August 5, 2006, in the amount of \$990,000 for the purpose of permanent improvements. The notes mature on April 1, 2009, and have an interest rate of 4.85%. The note payments will be made from a nonmajor capital projects fund.

Compensated Absences: Compensated absences will be paid from the fund from which the employees' salaries are paid. Compensated absences will primarily be paid from the general fund and nonmajor (special revenue) funds.

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

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

- B.** Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2007, are as follows:

Year Ended	Library Bonds			School Improvement Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2008	\$ 285,000	\$ 237,499	\$ 522,499	\$ 1,510,000	\$ 2,859,800	\$ 4,369,800
2009	300,000	224,506	524,506	1,560,000	2,811,613	4,371,613
2010	310,000	212,413	522,413	1,605,000	2,761,925	4,366,925
2011	325,000	200,894	525,894	1,655,000	2,709,703	4,364,703
2012	-	194,800	194,800	1,710,000	2,653,694	4,363,694
2013 - 2017	1,815,000	782,800	2,597,800	9,565,000	12,218,855	21,783,855
2018 - 2022	2,260,000	335,400	2,595,400	11,725,000	9,987,684	21,712,684
2023 - 2027	510,000	10,200	520,200	14,555,000	7,083,779	21,638,779
2028 - 2032	-	-	-	18,180,000	3,385,230	21,565,230
2033 - 2034	-	-	-	5,395,000	188,422	5,583,422
<b>Total</b>	<b>\$ 5,805,000</b>	<b>\$ 2,198,512</b>	<b>\$ 8,003,512</b>	<b>\$ 67,460,000</b>	<b>\$ 46,660,705</b>	<b>\$ 114,120,705</b>

Year Ended	Capital Appreciation Bonds			Tax Anticipation Notes		
	Principal	Interest	Total	Principal	Interest	Total
2008	\$ -	\$ -	\$ -	\$ 324,325	\$ 37,006	\$ 361,331
2009	-	-	-	340,336	20,995	361,331
2010	-	-	-	176,376	4,289	180,665
2011	-	-	-	-	-	-
2012	84,998	245,002	330,000	-	-	-
<b>Total</b>	<b>\$ 84,998</b>	<b>\$ 245,002</b>	<b>\$ 330,000</b>	<b>\$ 841,037</b>	<b>\$ 62,290</b>	<b>\$ 903,327</b>

**C. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

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

The Ohio Revised Code further provides that when a board of education declares a resolution that the student population is not adequately served by existing facilities, and that insufficient capacity exists within the 9 percent limit to finance additional facilities, the State Department of Education may declare that District a "special needs" District. This permits the incurrence of additional debt based upon projected 5-year growth of the school district's assessed valuation. The District was determined to be a "special needs" District on September 9, 2004. In addition, the unvoted net debt of a school district cannot exceed 0.1 percent of the total assessed value of property. On June 30, 2007 the District had no unvoted debt.

**NOTE 11 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

Each employee earns sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for twenty-five percent of the total sick leave accumulation, up to a maximum accumulation of seventy days for both certificated and classified employees. An employee receiving such payment must meet the retirement provisions set by STRS Ohio 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 for employees under contract for thirty-five hours or more per week, \$20,000 for classified employees under contract for twenty to thirty-four hours per week, and \$10,000 for employees working less than twenty hours per week.

**C. Retirement Incentive**

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. Any liabilities resulting from this retirement incentive are included as a component of "compensated absences payable".

**NOTE 12 - RISK MANAGEMENT**

**A. Property and Liability**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2007, the District maintained comprehensive insurance coverage for liability, violence, real property, building contents and vehicles. The District obtains insurance coverage through the Ohio Schools Risk Sharing Authority (see Note 2.A.). Vehicle policies include liability coverage for bodily injury and property damage. The following is a description of the District's insurance coverage:

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**NOTE 12 - RISK MANAGEMENT - (Continued)**

Building and Contents - Replacement Cost	\$ 109,648,727
Automobile Liability	19,536
General Liability:	19,672
Per occurrence/with umbrella	5,000,000
Total per year	12,131
Employer's Liability	15,741

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

**B. Group Health and Dental Insurance**

Health, life, dental and other group insurance is offered to employees as a fringe benefit. The District provides medical and life coverage for its employees on a fully insured basis and dental insurance on a self-insurance basis. Employer and employee contributions to premium are determined by negotiated agreements with employee labor unions. Currently, for classified employees, single and family health and dental coverage is 75% Board-paid and 25% employee paid. Certified, administrative and exempt employees receive health insurance that is 80% Board-paid and 20% employee paid and dental insurance that is 75% Board-paid and 25% employee paid. All life insurance is 100% Board-paid for all full-time staff.

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

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

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 \$37,626 reported in the basic financial statements at June 30, 2007, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claim. Claims activities for the current and prior year are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2006 - 2007	\$ 62,093	\$ 439,989	\$ (464,456)	\$ 37,626
2005 - 2006	61,127	483,259	(482,293)	62,093

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**NOTE 12 - RISK MANAGEMENT - (Continued)**

**C. Workers' Compensation Rating Program**

For fiscal year 2007, the District participated in the OASBO/Sheakley UniServe Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of their tiered group. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniServe provides administrative, cost control and actuarial services to the GRP.

**NOTE 13 - PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005 were \$849,152, \$814,182 and \$804,399, respectively; 46% has been contributed for fiscal year 2007 and 100% for the fiscal years 2006 and 2005. \$462,383 represents the unpaid contribution for fiscal year 2007 and is recorded as a liability within the respective funds.

**B. State Teachers Retirement System**

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, or by calling (614) 227-4090, or by visiting the STRS Ohio website at [www.strs.org](http://www.strs.org).

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**NOTE 13 - PENSION PLANS - (Continued)**

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 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The 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.

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal years 2006 and 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to the DB plan for the fiscal years ended June 30, 2007, 2006, and 2005 were \$3,927,399, \$3,902,637, and \$3,860,776, respectively; 84% has been contributed for fiscal year 2007 and 100% for the fiscal years 2006 and 2005. \$645,554 represents the unpaid contribution for fiscal year 2007 and is recorded as a liability within the respective funds. Contributions to the DC and combined plan for fiscal year 2007 were \$44,334 made by the District and \$92,983 made by plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2007, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

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**NOTE 14 - POSTEMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$302,108 for fiscal year 2007.

All STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.5 billion. For the fiscal year ended June 30, 2006 (the latest information available), net health care costs paid by STRS Ohio were \$282.743 million and STRS Ohio had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, a decrease of .10 percent from fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. Total surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, District paid \$380,648 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent 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 percent of the projected claims less premium contributions for the next year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were \$158.751 million. At June 30, 2006 (the latest information available), SERS had net assets available for payment of health care benefits of \$295.6 million. At June 30, 2006 (the latest information available), SERS had 59,492 participants currently receiving health care benefits.

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

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



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**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).
- (d) Investments are reported as fair value (GAAP basis) rather than cost (budget basis).

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

<b>Net Change in Fund Balance</b>	<u>General Fund</u>
Budget basis	\$ (2,505,628)
Net adjustment for revenue accruals	801,319
Net adjustment for expenditure accruals	76,530
Net adjustment for other sources/uses	(84,892)
Adjustment for encumbrances	<u>628,815</u>
GAAP basis	<u>\$ (1,083,856)</u>

**NOTE 16 - CONTINGENCIES**

**A. Grants**

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

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**NOTE 16 - CONTINGENCIES - (Continued)**

**B. Litigation**

A lawsuit has been filed by the Columbia Gas Transmission Corporation arguing that the Corporation's public utility property tax assessment rate should be 25% of true value rather than the 88% used by the Tax Commissioner. The Board of Tax Appeals has agreed with the Corporation and the case has been appealed by the Tax Commissioner to the Ohio Supreme Court. The District receives a significant amount of property tax from the Corporation. Should the Corporation prevail in the Supreme Court, it may be entitled to a refund from the District based on the lower assessment rate beginning from tax year 2001. The amount of the refund is estimated to be approximately \$3,066 per year. A portion of the refund may be recovered from additional State entitlement payments.

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

**NOTE 17 - INCOME TAXES**

The District levies a voted tax of one percent for general operation on the income of residents and of estates. The tax was effective on January 1, 1998, and was renewed for another five years in 2007. Employers of the residents are required to withhold income tax on compensation and remit the tax to the state. Taxpayers are required to file an annual return. The state makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund and totaled \$7,874,278 during fiscal year 2007.

**NOTE 18 - STATUTORY RESERVES**

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2007, the reserve activity was as follows:

	Textbooks/ Instructional <u>Materials</u>	Capital <u>Acquisition</u>	<u>Budget Stabilization</u>	
			<u>Designated</u>	<u>Reserved</u>
Set-aside cash balance as of June 30, 2006	\$ (671,415)	\$ (72,021,499)	\$ 669,981	\$ 264,425
Current year set-aside requirement	980,638	980,638	-	-
Current year offsets	-	(1,497,937)	-	-
Offset debt-related	-	(990,000)	-	-
Qualifying disbursements	<u>(1,174,530)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ (865,307)</u>	<u>\$ (73,528,798)</u>	<u>\$ 669,981</u>	<u>\$ 264,425</u>
Balance carried forward to FY 2008	<u>\$ (865,307)</u>	<u>\$ (73,011,499)</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.

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**NOTE 18 - STATUTORY RESERVES - (Continued)**

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

A schedule of the governmental fund restricted assets at June 30, 2007 follows:

Amount restricted for BWC refunds	<u>\$ 264,425</u>
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**NOTE 19 - NEWARK DIGITAL ACADEMY**

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

NDA was created on February 11, 2003 by entering into a five year contract with the Newark City School District (the Sponsor). The Sponsor is responsible for evaluating the performance of the NDA and has the authority to deny renewal of the contract at its expiration. The Sponsor provided and maintained space at its technology center at no cost for NDA during fiscal year 2007. NDA paid purchased services to Tri-Rivers Educational Computer Association (TRECA) for providing the planning, design, implementation, instructional, administrative and technical consulting services during the fiscal year.

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

**A. Summary of Significant Accounting Policies**

The financial statements of Newark Digital Academy have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. NDA also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. NDA has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989. Following are the more significant of the NDA's accounting policies.

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**NOTE 19 - NEWARK DIGITAL ACADEMY - (Continued)**

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

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

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

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

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

***Cash and Cash Equivalents*** - Cash received by NDA is reflected as "Cash and Cash Equivalents" on the statement of net assets. NDA had no investments during the fiscal year ended June 30, 2007.

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

All reported capital assets are depreciated. Depreciation is computed using the straight-line method. Furniture is depreciated over twenty years, and computers are depreciated over six years.

***Prepaid Items*** - Payments made to vendors for services that will benefit periods beyond June 30, 2007 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

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**NOTE 19 - NEWARK DIGITAL ACADEMY - (Continued)**

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

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

*Restricted Assets* - There are certain resources set aside due to restricted state and federal grant funding.

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

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

**B. Deposits and Investments**

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

At fiscal year end, the carrying amount of the NDA's deposits and bank balance was \$73,575. All of the bank balance was covered by federal depository insurance. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

**C. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Restated Balance at 6/30/06	Additions	Reductions	Balance at 6/30/07
Capital Assets:				
Furniture and Equipment	\$122,032	\$ -	\$ -	\$122,032
Less Accumulated Depreciation:				
Furniture and Equipment	(28,797)	(19,564)	-	(48,361)
Capital Assets, Net	<u>\$93,235</u>	<u>\$(19,564)</u>	<u>\$ -</u>	<u>\$73,671</u>

**NEWARK CITY SCHOOL DISTRICT  
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**NOTE 19 - NEWARK DIGITAL ACADEMY - (Continued)**

**D. Contract with TRECA**

NDA entered into a one-year contract on June 8, 2006, with Tri-Rivers Educational Computer Association (TRECA) for consulting services. Under the contract, the following terms were agreed upon:

TRECA shall provide NDA with the following consulting services: instructional, supervisory/administrative, and technical services sufficient to effectively implement the NDA's educational plan and NDA's assessment and accountability plan.

All personnel providing services to NDA on behalf of TRECA under the agreement shall be employees of TRECA and TRECA shall be solely responsible for all payroll functions, including retirement system contributions and all other legal withholding and/or payroll taxes, with respect to such personnel. All shall possess any certification or licensure which may be required by law.

The technical services provided by TRECA to NDA shall include access to, and the use of, computer software, computer hardware, networking hardware, network services, and the services of technical support personnel necessary to implement the plan of operation. In the event NDA is unable to recover such equipment or the equipment is not recovered in other than good working conditions, NDA shall reimburse TRECA for the cost of such equipment in the amount of \$900 per student, except that if the student has been enrolled in the NDA for at least 90 days, \$700, and if the student has been enrolled in the NDA for at least 180 days, \$500.

NDA shall secure the services of an Executive Director, who shall be the chief operating officer of the school, with primary responsibility for day-to-day operations of NDA.

Curricular services provided by TRECA shall be limited to the standardized curriculum developed by TRECA.

NDA shall pay TRECA \$3,650 per full-time student. Part-time students may be enrolled on such terms as are agreed to by the parties.

NDA may receive a reduction in the above described fees by assuming additional responsibilities, such as by providing the computers and technology to individual students in lieu of TRECA providing said equipment or by providing overall support services which include application, orientation, scheduling/guidance, attendance monitoring, intervention, and student withdrawal services.

In addition to the base fees above, NDA shall pay TRECA, according to the tier fees, for services required for such students by virtue of their status as Disabled.

TRECA also provides a part-time technician for an annual fee of \$14,500.

For the initial period \$146,466 was payable under this contract. All but \$2,763 of this amount was paid as of June 30, 2007.

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**NOTE 19 - NEWARK DIGITAL ACADEMY - (Continued)**

**E. Purchased Services**

For fiscal year ended June 30, 2007, purchased services expenses were as follows:

Professional and technical services	\$ 123,805
Travel and meetings	26,712
Other purchased services	<u>123,116</u>
Total	<u>\$ 273,633</u>

**F. Risk Management**

The NDA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2007, the NDA contracted for the following insurance coverages:

Coverages provided by Indiana Insurance are as follows:

General NDA Liability

Per Occurrence	1,000,000
Total per Year	3,000,000

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

NDA also carries Public Official Bonds through Travelers Casualty and Surety Company of America for the Treasurer, Superintendent and Board President.

**G. Defined Benefit Pension Plans**

**State Teachers Retirement System** - The NDA participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, or by calling (614) 227-4090, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

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**NOTE 19 - NEWARK DIGITAL ACADEMY - (Continued)**

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 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The 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 the 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 03, 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. The 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.

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The NDA was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal years 2006 and 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The NDA's required contributions for pension obligations to the DB Plan for the fiscal year ended June 30, 2007, 2006, and 2005, was \$2,520, \$3,469, and \$2,198, respectively. 92.26% has been contributed for fiscal year 2007 and 100% has been contributed for 2006 and 2005. \$195 represents the unpaid contribution for fiscal year 2007 and is recorded as a liability.

***School Employees Retirement System*** - The NDA contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.



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**NOTE 19 - NEWARK DIGITAL ACADEMY - (Continued)**

Plan members are required to contribute 10 percent of their annual covered salary and the NDA is required to contribute an actuarially determined rate. The current NDA rate is 14 percent of annual covered payroll. A portion of the NDA's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The NDA's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005, was \$3,135, \$2,843, and \$1,560, respectively. 61.85% has been contributed for fiscal year 2007, with 100% contributed for fiscal year 2006 and 2005. \$1,196 represents the unpaid contribution for fiscal year 2007 and is recorded as a liability.

**H. Postemployment Benefits**

The NDA provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the NDA, this amount equaled \$194 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.5 billion. For the fiscal year ended June 30, 2006 (the latest information available), net health care costs paid by STRS Ohio were \$282.743 million and STRS Ohio had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.

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**NOTE 19 - NEWARK DIGITAL ACADEMY - (Continued)**

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, a decrease of .10 percent from fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. NDA employees are dual employees of NDA and Newark City Schools. The surcharge amount is either paid by Newark City Schools or the 2 percent cap is reached. For the 2007 fiscal year, NDA paid \$974 to fund health care benefits.

The surcharge, added to the unallocated portion of the 14 percent 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 percent of the projected claims less premium contributions for the next year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were \$158.751 million. At June 30, 2006 (the latest information available), SERS had net assets available for payment of health care benefits of \$295.6 million. At June 30, 2006 (the latest information available), SERS had 59,492 participants currently receiving health care benefits.

**I. Contingencies**

**Grants** - The NDA received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the NDA at June 30, 2007.

**Litigation** - A lawsuit entitled *Beverly Blount-Hill, et al. v. State of Ohio, et al.*, Case #: 3:04CV197 was filed in the U.S. District Court, Southern District of Ohio, Western Division, in October, 2004. The suit alleges that the funding provisions of the Ohio Community Schools Act, O.R.C. Section 3314, violate both the Ohio and Federal constitutions. If the funding scheme is determined to be unconstitutional, it could have financial ramifications for all community/charter schools. The case is currently pending, and the effect of this suit, if any, on the Digital Academy cannot presently be determined.

There are currently no other matters in litigation with the NDA as defendant.

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**NOTE 19 - NEWARK DIGITAL ACADEMY - (Continued)**

**J. Restatement of Net Assets**

The NDA has reported a prior period adjustment to restate its capital assets for items below its capitalization threshold improperly included at June 30, 2006. The prior period adjustment had the following effect on net assets as previously reported:

	Governmental Activities
Net assets, June 30, 2006	\$ 197,102
Adjustment for assets improperly included	(30,772)
Restated net assets, June 30, 2006	\$ 166,330

**NOTE 20 - PAR EXCELLENCE ACADEMY**

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

**A. Summary of Significant Accounting Policies**

The basic financial statements (BFS) of the Par Ex have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Par Ex also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989, provided those pronouncements do not conflict with or contradict GASB pronouncements. The Par Ex has the option to also apply FASB Statements and Interpretations issued after November 30, 1989, subject to this same limitation. The Par Ex has elected not to apply these FASB Interpretations. The Par Ex's significant accounting policies are described below.

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

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

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**NOTE 20 - PAR EXCELLENCE ACADEMY - (Continued)**

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

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

**Cash** - All monies received by the Par Ex are deposited in a demand deposit account.

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

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

**Intergovernmental Revenue** - The Par Ex currently participates in the State Foundation Program through the Ohio Department of Education. Revenue from this program is recognized as operating revenue in the accounting period in which all eligibility requirements have been met. Amounts awarded under State Foundation Program for the 2007 school year excluding federal and state grants totaled \$456,851.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility includes timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Par Ex must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Par Ex on a reimbursement basis. State and federal grants revenue for the fiscal year 2007 received was \$317,016.

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

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

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**NOTE 20 - PAR EXCELLENCE ACADEMY - (Continued)**

*Capital Assets and Depreciation* - All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The Par Ex maintains a capitalization threshold of \$50. The Par Ex does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method. Equipment is depreciated over five years.

**B. Deposits**

At June 30, 2007, the carrying amount of the Par Ex's deposits was \$56,398. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2007, the Par Ex's bank balance of \$76,229 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the Par Ex's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Par Ex.

**C. Receivables**

At June 30, 2007, receivables consisted of operating grants which are considered collectible within one year and presented on the statement of net assets as "intergovernmental receivable" in the amount of \$89,208.

**D. Purchased Services**

For fiscal year ended June 30, 2007, purchased services expenses were as follows:

Professional services	\$ 109,145
Property rental and services	10,630
Utilities	19,060
Training	9,133
Postage, advertising and shipping	<u>545</u>
Total purchased services	<u>\$ 148,513</u>

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**NOTE 20 - PAR EXCELLENCE ACADEMY - (Continued)**

**E. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	<u>Balance at June 30, 2006</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2007</u>
Furniture and equipment	\$ 15,830	\$ 48,988	\$ -	\$ 64,818
Less: accumulated depreciation	<u>(1,583)</u>	<u>(5,928)</u>	<u>-</u>	<u>(7,511)</u>
Capital assets, net	<u>\$ 14,247</u>	<u>\$ 43,060</u>	<u>\$ -</u>	<u>\$ 57,307</u>

**F. Long-Term Obligations**

The Par Ex's long-term obligations during fiscal year 2007 were as follows:

	<u>Balance at June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2007</u>	<u>Due Within One Year</u>
Loans payable	\$ 77,486	\$ -	\$ (36,161)	\$ 41,325	\$ 41,325
Compensated absences	<u>423</u>	<u>1,128</u>	<u>(423)</u>	<u>1,128</u>	<u>-</u>
Total long-term liabilities	<u>\$ 77,909</u>	<u>\$ 1,128</u>	<u>\$ (36,584)</u>	<u>\$ 42,453</u>	<u>\$ 41,325</u>

The Par Ex obtained a bank loan through a line-of-credit during the year in order to maintain operations. The Par Ex repaid \$36,161 of these loans and a balance of \$41,325 remains outstanding at year-end and is expected to be repaid over the next year.

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

**G. Operating Lease-Classrooms**

The Par Ex entered into an agreement with the Newark City School District on August 9, 2005, for premises located at 96 Maholm Street, Newark, Ohio 43055 to use for classrooms. The lease began on August 9, 2005 and ends on July 1, 2008. No lease payments were required to be made during fiscal year 2007.

**H. Defined Benefit Pension Plan**

**School Employees Retirement System** - The Par Ex contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

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**NOTE 20 - PAR EXCELLENCE ACADEMY - (Continued)**

Plan members are required to contribute 10 percent of their annual covered salary and the Par Ex is required to contribute at an actuarially determined rate. The current Par Ex rate is 14 percent of annual covered payroll. A portion of the Par Ex's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Par Ex's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007 and 2006 were \$7,969 and \$6,392, respectively. 72% has been contributed for fiscal year 2007 and 100 percent for fiscal year 2006. \$2,270 represents the unpaid pension contribution for fiscal year 2007 and is recorded as a liability within the respective funds.

*State Teachers Retirement System* - The Par Ex participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, or by calling (614) 227-4090, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The 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.

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**NOTE 20 - PAR EXCELLENCE ACADEMY - (Continued)**

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The Par Ex was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2006 the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Par Ex's required contributions for pension obligations to the DB plan for the fiscal years ended June 30, 2007 and 2006 were \$30,366 and \$22,505, respectively. 79% has been contributed for fiscal year 2007 and 100% had been contributed for 2006. \$6,325 represents the unpaid contribution for fiscal year 2007 and is recorded as a liability within the respective funds. No contributions were made to the DC and Combined Plans for fiscal 2007.

*Social Security System* - Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2007, certain members of the Board of Trustees have elected Social Security. The Par Ex's liability is 6.2% of wages paid.

**I. Postemployment Benefits**

The Par Ex provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the Par Ex, this amount equaled \$2,336 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.5 billion. For the fiscal year ended June 30, 2006 (the latest information available), net health care costs paid by STRS Ohio were \$282.743 million and STRS Ohio had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.



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**NOTE 20 - PAR EXCELLENCE ACADEMY - (Continued)**

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, a decrease of .10 percent from fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. Total surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, Par Ex paid \$3,319 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent 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 percent of the projected claims less premium contributions for the next year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were \$158.751 million. At June 30, 2006 (the latest information available), SERS had net assets available for payment of health care benefits of \$295.6 million. On the basis of actuarial projections, the allocated contributions will be insufficient in the long term, to provide for a health care reserve equal to at least 150 percent of estimated annual net claim costs. At June 30, 2006 (the latest information available), SERS had 59,492 participants currently receiving health care benefits.

**J. Compensated Absences**

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

**K. Risk Management**

*Property and Liability* - The Par Ex is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Par Ex maintains insurance coverage for rental/theft, general liability, contents liability.

The Par Ex has coverage for employee dishonesty, forgery and alternation coverage and computer equipment.

The Par Ex owns no real estate, but leases facilities located at 96 Maholm Street, Newark, Ohio 43055.

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

**L. Contingencies**

*Grants* - The Par Ex received financial assistance from a state agency in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Par Ex at June 30, 2007.

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**NOTE 20 - PAR EXCELLENCE ACADEMY - (Continued)**

**State Foundation Funding** - The Ohio Department of Education (ODE) conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the state, upon which state foundation funding is calculated. The Par Ex was reviewed during this fiscal year of operations and errors were found in enrollment, withdrawals and attendance, which resulted in a reduction of the amount disbursed by ODE through foundation settlements during fiscal year 2007 in the amount of \$4,187.

**Litigation** - A lawsuit entitled *Beverly Blount-Hill, et al. v. State of Ohio, et al.*, Case #: 3:04CV197 was filed in the U.S. District Court, Southern District of Ohio, Western Division in October 2004. The suit alleges that the funding provisions of the Ohio Community Schools Act, O.R.C. Section 3314, violate both the Ohio and Federal constitutions. If the funding scheme is determined to be unconstitutional, it could have financial ramifications for all community/charter schools. The case is currently pending, and the effect of this suit, if any, on the Par Ex cannot presently be determined.

**M. Service Agreement**

The Par Ex entered into a one-year contract on May 24, 2006, with Licking Area Computer Association (LACA) for certain computer, data processing and application services for the fiscal year ended June 30, 2007. A new one-year contract was approved on June 4, 2007, for the fiscal year ending June 30, 2008. Under this contract, the following terms were agreed upon:

1. LACA shall provide fiscal administration services, including access to financial software through OECN, electronic filing of data, user training, software upgrades, disaster recovery, EMIS compliance procedures and providing staff and resources to support the business process,.
2. LACA shall provide student administration systems, including access to the Student Information System (SIS), data archival and retrieval support, help desk support, and preprinted forms need for grade cards, schedule cards, grade scans and transcripts.
3. LACA shall provide EMIS system and services, including access to State EMIS software, interface to SIS and OECN financial software, creation and use of custom user defined reports, and district report card assistance.
4. LACA shall provide library services, including access to INFOhio Library Automation software, INFOhio electronic resource support, and INFOhio compliance procedures.
5. LACA shall provide video distance learning services, including coordinating, developing and delivering local professional development activities, daily management and troubleshooting of video network, technical training, and troubleshooting and coordination of specific video related hardware.
6. The fees for the services provided are based on a base fee plus a fee per student which vary per type of service. The total fee is \$62.69 per student.

For fiscal year 2007, \$14,055 was paid to LACA for services related to the service agreement. To obtain LACA's audited June 30, 2007 financial statements, please contact Mr. Cory Thompson, Treasurer/CFO, 150 Price Road, Newark, Ohio 43055.

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**NOTE 20 - PAR EXCELLENCE ACADEMY - (Continued)**

**N. Related Party Transaction**

Certain members of the Par Ex's Board are also board members of the Par Excellence Learning Center, a private school. The Par Ex has an outstanding balance of \$41,325 in the form of a line-of-credit reported as "Loans Payable" which is maintained at Park National Bank, which employs an Par Ex Board member who was also a board member of the Par Excellence Learning Center during fiscal year 2007.

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COMBINING STATEMENTS  
AND INDIVIDUAL FUND SCHEDULES

SUPPLEMENTAL INFORMATION

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

**MAJOR FUNDS**

**General Fund**

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

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

**Debt Service Fund**

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

**Building Fund**

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

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Debt Service</b>				
Total Revenues and Other Sources . . . . .	\$ 5,000,000	\$ 5,000,000	\$ 4,965,047	\$ (34,953)
Total Expenditures and Other Uses . . . . .	<u>4,581,933</u>	<u>4,582,056</u>	<u>4,582,056</u>	<u>-</u>
Net Change in Fund Balances . . . . .	418,067	417,944	382,991	(34,953)
Fund balance at beginning of year . . . . .	<u>2,874,661</u>	<u>2,874,661</u>	<u>2,874,661</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 3,292,728</u>	<u>\$ 3,292,605</u>	<u>\$ 3,257,652</u>	<u>\$ (34,953)</u>
<b>Building Fund</b>				
Total Revenues and Other Sources . . . . .	\$ 1,500,000	\$ 1,500,000	\$ 2,629,736	\$ 1,129,736
Total Expenditures and Other Uses . . . . .	<u>61,888,799</u>	<u>61,888,799</u>	<u>53,491,271</u>	<u>8,397,528</u>
Net Change in Fund Balances . . . . .	(60,388,799)	(60,388,799)	(50,861,535)	9,527,264
Fund balance at beginning of year . . . . .	25,050,593	25,050,593	25,050,593	-
Prior Year Encumbrances Appropriated . . . . .	<u>39,088,799</u>	<u>39,088,799</u>	<u>39,088,799</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 3,750,593</u>	<u>\$ 3,750,593</u>	<u>\$ 13,277,857</u>	<u>\$ 9,527,264</u>

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

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2007

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 1,881,669	\$ 1,274,147	\$ 3,155,816
Property taxes . . . . .	-	1,545,733	1,545,733
Accounts. . . . .	684	-	684
Intergovernmental . . . . .	677,751	-	677,751
Prepayments. . . . .	1,871	-	1,871
Materials and supplies inventory . . . . .	37,794	-	37,794
Total assets. . . . .	\$ 2,599,769	\$ 2,819,880	\$ 5,419,649
<b>Liabilities:</b>			
Accounts payable. . . . .	\$ 94,048	\$ 40,642	\$ 134,690
Accrued wages and benefits . . . . .	630,375	-	630,375
Compensated absences payable . . . . .	5,937	-	5,937
Pension obligation payable. . . . .	238,346	-	238,346
Intergovernmental payable . . . . .	29,210	1,015	30,225
Interfund loan payable . . . . .	86,067	-	86,067
Unearned revenue . . . . .	-	1,388,760	1,388,760
Deferred revenue. . . . .	675,303	56,819	732,122
Total liabilities. . . . .	1,759,286	1,487,236	3,246,522
<b>Fund balances:</b>			
Reserved for encumbrances . . . . .	289,782	277,654	567,436
Reserved for materials and supplies inventory . . .	37,794	-	37,794
Reserved for property tax unavailable for appropriation . . . . .	-	82,000	82,000
Reserved for prepayments . . . . .	1,871	-	1,871
Unreserved, undesignated, reported in:			
Special revenue funds . . . . .	511,036	-	511,036
Capital projects funds . . . . .	-	972,990	972,990
Total fund balances . . . . .	840,483	1,332,644	2,173,127
Total liabilities and fund balances . . . . .	\$ 2,599,769	\$ 2,819,880	\$ 5,419,649



**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, 2007

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>			
From local sources:			
Taxes . . . . .	\$ -	\$ 1,508,888	\$ 1,508,888
Charges for services . . . . .	1,123,246	-	1,123,246
Earnings on investments . . . . .	52,896	-	52,896
Extracurricular . . . . .	233,777	-	233,777
Other local revenues . . . . .	242,881	-	242,881
Intergovernmental - intermediate . . . . .	10,500	-	10,500
Intergovernmental - State . . . . .	1,907,052	257,123	2,164,175
Intergovernmental - Federal . . . . .	6,224,055	-	6,224,055
Total revenues . . . . .	<u>9,794,407</u>	<u>1,766,011</u>	<u>11,560,418</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	918,670	175,566	1,094,236
Special . . . . .	2,336,231	6,192	2,342,423
Other . . . . .	113,882	-	113,882
Support services:			
Pupil . . . . .	144,973	240	145,213
Instructional staff . . . . .	2,168,266	27,621	2,195,887
Administration . . . . .	283,519	12,952	296,471
Fiscal . . . . .	49,242	24,759	74,001
Business . . . . .	-	2,500	2,500
Operations and maintenance . . . . .	-	200,017	200,017
Pupil transportation . . . . .	24,534	489,370	513,904
Central . . . . .	186,396	157,209	343,605
Operation of non-instructional services:			
Food service operation . . . . .	2,535,527	-	2,535,527
Other non-instructional services . . . . .	120,502	8,615	129,117
Extracurricular activities . . . . .	300,995	-	300,995
Intergovernmental pass through . . . . .	626,176	-	626,176
Facilities acquisition and construction . . . . .	-	947,554	947,554
Debt service:			
Principal retirement . . . . .	-	279,327	279,327
Interest and fiscal charges . . . . .	-	45,466	45,466
Total expenditures . . . . .	<u>9,808,913</u>	<u>2,377,388</u>	<u>12,186,301</u>
Excess of revenues over (under) expenditures . . . . .	<u>(14,506)</u>	<u>(611,377)</u>	<u>(625,883)</u>
<b>Other financing sources:</b>			
Transfers in . . . . .	50,000	-	50,000
Note issuance . . . . .	-	990,000	990,000
Sale of capital assets . . . . .	3,000	-	3,000
Total other financing sources . . . . .	<u>53,000</u>	<u>990,000</u>	<u>1,043,000</u>
Net change in fund balances . . . . .	38,494	378,623	417,117
<b>Fund balances at beginning of year . . . . .</b>	<b>785,143</b>	<b>954,021</b>	<b>1,739,164</b>
<b>Increase in reserve for inventory . . . . .</b>	<b>16,846</b>	<b>-</b>	<b>16,846</b>
<b>Fund balances at end of year . . . . .</b>	<b><u>\$ 840,483</u></b>	<b><u>\$ 1,332,644</u></b>	<b><u>\$ 2,173,127</u></b>

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

**COMBINING STATEMENTS - NONMAJOR FUNDS**

**Nonmajor Special Revenue Funds**

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

**Public School Support**

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

**Miscellaneous Grants**

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

**District Managed Student Activity**

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

**Auxiliary Services**

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

**Management Information Systems**

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

**Entry Year Programs**

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

**Data Communications**

To account for revenues received from the State to be used to install and provide support costs for data communication links to connect any school to the local A-site.

**SchoolNet Professional Development**

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

**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.

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

**COMBINING STATEMENTS - NONMAJOR FUNDS**

**Nonmajor Special Revenue Funds (Continued)**

**High Schools That Work ("HSTW")**

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

**Alternative Schools**

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

**Poverty Aid/DPIA**

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

**Miscellaneous State Grants**

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

**Title VI-B**

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

**Title I**

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

**Title VI**

To account for federal funds to proved 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.

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

**COMBINING STATEMENTS - NONMAJOR FUNDS**

**Nonmajor Special Revenue Funds (Continued)**

**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.

**Reducing Class Size**

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

**Miscellaneous Federal Grants**

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

**Food Service**

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

**School Activity Trusts**

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

**Staff Trusts**

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

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2007

	<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. . . . .	\$ 84,691	\$ 72,390	\$ 170,571	\$ 55,329
Receivables:				
Accounts. . . . .	-	-	684	-
Intergovernmental . . . . .	-	-	-	-
Prepayments. . . . .	-	-	-	-
Materials and supplies inventory . . . . .	-	-	-	-
Total assets. . . . .	<u>\$ 84,691</u>	<u>\$ 72,390</u>	<u>\$ 171,255</u>	<u>\$ 55,329</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 214	\$ -	\$ 550	\$ 5,802
Accrued wages and benefits . . . . .	-	-	-	23,637
Compensated absences payable . . . . .	-	-	-	-
Pension obligation payable. . . . .	-	-	74	4,499
Intergovernmental payable . . . . .	-	-	33	1,102
Interfund loan payable . . . . .	-	-	20,000	-
Deferred revenue. . . . .	-	-	-	-
Total liabilities. . . . .	<u>214</u>	<u>-</u>	<u>20,657</u>	<u>35,040</u>
<b>Fund balances:</b>				
Reserved for encumbrances . . . . .	10,070	-	45,010	15,625
Reserved for materials and supplies inventory . . . . .	-	-	-	-
Reserved for prepayments . . . . .	-	-	-	-
Unreserved-undesignated (deficit) . . . . .	<u>74,407</u>	<u>72,390</u>	<u>105,588</u>	<u>4,664</u>
Total fund balances (deficits) . . . . .	<u>84,477</u>	<u>72,390</u>	<u>150,598</u>	<u>20,289</u>
Total liabilities and fund balances. . . . .	<u>\$ 84,691</u>	<u>\$ 72,390</u>	<u>\$ 171,255</u>	<u>\$ 55,329</u>

<b>Management Information Systems</b>	<b>Entry Year Programs</b>	<b>SchoolNet Professional Development</b>	<b>Ohio Reads</b>	<b>HSTW</b>
\$ 262	\$ -	\$ 6,346	\$ 6,159	\$ 916
-	-	-	-	-
-	-	-	5,710	905
873	-	-	-	-
-	-	-	-	-
<u>\$ 1,135</u>	<u>\$ -</u>	<u>\$ 6,346</u>	<u>\$ 11,869</u>	<u>\$ 1,821</u>
\$ -	\$ -	\$ -	\$ 39	\$ 737
128	-	-	-	-
-	-	-	-	-
2,652	-	-	413	-
167	98	18	106	2
25,000	-	-	-	-
-	-	-	5,710	905
<u>27,947</u>	<u>98</u>	<u>18</u>	<u>6,268</u>	<u>1,644</u>
-	-	6,254	6,111	153
-	-	-	-	-
873	-	-	-	-
<u>(27,685)</u>	<u>(98)</u>	<u>74</u>	<u>(510)</u>	<u>24</u>
<u>(26,812)</u>	<u>(98)</u>	<u>6,328</u>	<u>5,601</u>	<u>177</u>
<u>\$ 1,135</u>	<u>\$ -</u>	<u>\$ 6,346</u>	<u>\$ 11,869</u>	<u>\$ 1,821</u>

- Continued

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
 JUNE 30, 2007

	<u>Alternative Schools</u>	<u>Poverty Aid/ DPIA</u>	<u>Miscellaneous State Grants</u>	<u>Title VI-B</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 5,601	\$ 156,153	\$ 30,752	\$ 76,847
Receivables:				
Accounts. . . . .	-	-	-	-
Intergovernmental . . . . .	5,301	-	-	289,024
Prepayments. . . . .	-	-	-	-
Materials and supplies inventory . . . . .	-	-	-	-
Total assets. . . . .	<u>\$ 10,902</u>	<u>\$ 156,153</u>	<u>\$ 30,752</u>	<u>\$ 365,871</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 212	\$ -	\$ 4,400	\$ 14,899
Accrued wages and benefits . . . . .	4,483	50,623	13,471	156,592
Compensated absences payable . . . . .	-	-	-	-
Pension obligation payable. . . . .	1,846	11,852	6,736	54,770
Intergovernmental payable . . . . .	122	2,369	533	7,129
Interfund loan payable . . . . .	-	-	-	-
Deferred revenue. . . . .	5,301	-	-	289,024
Total liabilities. . . . .	<u>11,964</u>	<u>64,844</u>	<u>25,140</u>	<u>522,414</u>
<b>Fund balances:</b>				
Reserved for encumbrances . . . . .	101	-	203	49,507
Reserved for materials and supplies inventory . . . . .	-	-	-	-
Reserved for prepayments . . . . .	-	-	-	-
Unreserved-undesignated (deficit) . . . . .	<u>(1,163)</u>	<u>91,309</u>	<u>5,409</u>	<u>(206,050)</u>
Total fund balances (deficits) . . . . .	<u>(1,062)</u>	<u>91,309</u>	<u>5,612</u>	<u>(156,543)</u>
Total liabilities and fund balances. . . . .	<u>\$ 10,902</u>	<u>\$ 156,153</u>	<u>\$ 30,752</u>	<u>\$ 365,871</u>



<b>Title I</b>	<b>Title VI</b>	<b>Drug Free Schools Program</b>	<b>EHA Preschool Grant</b>	<b>Reducing Class Size</b>
\$ 262,622	\$ 7,939	\$ 5,876	\$ 1,007	\$ 32,272
-	-	-	-	-
221,090	8,505	11,459	6,753	115,841
91	-	-	-	-
-	-	-	-	-
<u>\$ 483,803</u>	<u>\$ 16,444</u>	<u>\$ 17,335</u>	<u>\$ 7,760</u>	<u>\$ 148,113</u>
\$ 53,763	\$ -	\$ 786	\$ -	\$ 7,641
208,514	-	119	5,615	35,418
5,937	-	-	-	-
35,418	-	482	3,085	5,098
9,374	-	92	286	1,793
21,604	8,335	-	482	3,415
221,090	6,693	11,459	6,753	115,841
<u>555,700</u>	<u>15,028</u>	<u>12,938</u>	<u>16,221</u>	<u>169,206</u>
52,673	7,939	658	1,007	24,631
-	-	-	-	-
91	-	-	-	-
(124,661)	(6,523)	3,739	(9,468)	(45,724)
(71,897)	1,416	4,397	(8,461)	(21,093)
<u>\$ 483,803</u>	<u>\$ 16,444</u>	<u>\$ 17,335</u>	<u>\$ 7,760</u>	<u>\$ 148,113</u>

- Continued

**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
 JUNE 30, 2007

	<u>Miscellaneous Federal Grants</u>	<u>Food Service</u>	<u>School Activity Trusts</u>	<u>Staff Trusts</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 6,595	\$ 784,092	\$ 99,139	\$ 16,110
Receivables:				
Accounts. . . . .	-	-	-	-
Intergovernmental . . . . .	13,163	-	-	-
Prepayments. . . . .	-	907	-	-
Materials and supplies inventory . . . . .	-	37,794	-	-
Total assets. . . . .	<u>\$ 19,758</u>	<u>\$ 822,793</u>	<u>\$ 99,139</u>	<u>\$ 16,110</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 2,647	\$ 2,302	\$ -	\$ 56
Accrued wages and benefits . . . . .	-	131,775	-	-
Compensated absences payable . . . . .	-	-	-	-
Pension obligation payable. . . . .	-	111,421	-	-
Intergovernmental payable . . . . .	-	5,986	-	-
Interfund loan payable . . . . .	7,231	-	-	-
Deferred revenue. . . . .	12,527	-	-	-
Total liabilities. . . . .	<u>22,405</u>	<u>251,484</u>	<u>-</u>	<u>56</u>
<b>Fund balances:</b>				
Reserved for encumbrances . . . . .	3,948	65,076	-	816
Reserved for materials and supplies inventory . . . . .	-	37,794	-	-
Reserved for prepayments . . . . .	-	907	-	-
Unreserved-undesignated (deficit) . . . . .	(6,595)	467,532	99,139	15,238
Total fund balances (deficits) . . . . .	<u>(2,647)</u>	<u>571,309</u>	<u>99,139</u>	<u>16,054</u>
Total liabilities and fund balances. . . . .	<u>\$ 19,758</u>	<u>\$ 822,793</u>	<u>\$ 99,139</u>	<u>\$ 16,110</u>

**Total  
Nonmajor  
Special Revenue  
Funds**

\$	1,881,669
	684
	677,751
	1,871
	37,794
<hr/>	
\$	2,599,769
<hr/> <hr/>	

\$	94,048
	630,375
	5,937
	238,346
	29,210
	86,067
	675,303
	1,759,286
<hr/>	

	289,782
	37,794
	1,871
	511,036
<hr/>	

	840,483
<hr/>	
\$	2,599,769
<hr/> <hr/>	

**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, 2007

	<b>Public School Support</b>	<b>Miscellaneous Grants</b>	<b>District Managed Student Activity</b>	<b>Auxiliary Services</b>
<b>Revenues:</b>				
From local sources:				
Charges for services . . . . .	\$ -	\$ -	\$ -	\$ -
Earnings on investments . . . . .	-	-	-	11,424
Extracurricular . . . . .	7,988	-	224,100	-
Other local revenues . . . . .	62,019	-	142,527	-
Intergovernmental - intermediate . . . . .	-	10,500	-	-
Intergovernmental - State . . . . .	-	-	-	568,587
Intergovernmental - Federal . . . . .	-	-	-	-
Total revenues . . . . .	<u>70,007</u>	<u>10,500</u>	<u>366,627</u>	<u>580,011</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	-	8,160	-	-
Special . . . . .	-	-	-	-
Other . . . . .	-	-	-	-
Support services:				
Pupil . . . . .	-	-	-	-
Instructional staff . . . . .	-	-	-	-
Administration . . . . .	-	-	-	-
Fiscal . . . . .	-	-	-	-
Pupil transportation . . . . .	-	-	-	-
Central . . . . .	-	-	-	-
Operation of non-instructional services:				
Food service operation . . . . .	-	-	-	-
Other non-instructional services . . . . .	75,239	-	-	-
Extracurricular activities . . . . .	-	-	300,595	-
Intergovernmental pass through . . . . .	-	-	-	626,176
Total expenditures . . . . .	<u>75,239</u>	<u>8,160</u>	<u>300,595</u>	<u>626,176</u>
Excess of revenues over (under) expenditures . . . . .	<u>(5,232)</u>	<u>2,340</u>	<u>66,032</u>	<u>(46,165)</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	-	-	-	-
Sale of capital assets . . . . .	-	-	-	-
Total other financing sources . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances . . . . .	(5,232)	2,340	66,032	(46,165)
<b>Fund balances (deficits)</b>				
at beginning of year . . . . .	89,709	70,050	84,566	66,454
<b>Increase in reserve for inventory . . . . .</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances (deficits) at end of year . . .</b>	<u>\$ 84,477</u>	<u>\$ 72,390</u>	<u>\$ 150,598</u>	<u>\$ 20,289</u>

<u>Management Information Systems</u>	<u>Entry Year Programs</u>	<u>Data Communications</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
21,788	13,600	42,000	8,278	107,071
-	-	-	-	-
<u>21,788</u>	<u>13,600</u>	<u>42,000</u>	<u>8,278</u>	<u>107,071</u>
-	-	-	-	44,343
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	13,554	-	19,246	55,866
5,184	-	-	-	-
43,588	-	-	-	-
-	-	-	-	-
31,771	-	44,275	500	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>80,543</u>	<u>13,554</u>	<u>44,275</u>	<u>19,746</u>	<u>100,209</u>
<u>(58,755)</u>	<u>46</u>	<u>(2,275)</u>	<u>(11,468)</u>	<u>6,862</u>
50,000	-	-	-	-
-	-	-	-	-
<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(8,755)	46	(2,275)	(11,468)	6,862
(18,057)	(144)	2,275	17,796	(1,261)
-	-	-	-	-
<u>\$ (26,812)</u>	<u>\$ (98)</u>	<u>\$ -</u>	<u>\$ 6,328</u>	<u>\$ 5,601</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, 2007

	<u>HSTW</u>	<u>Alternative Schools</u>	<u>Poverty Aid/ DPIA</u>	<u>Miscellaneous State Grants</u>
<b>Revenues:</b>				
From local sources:				
Charges for services . . . . .	\$ -	\$ -	\$ -	\$ -
Earnings on investments . . . . .	-	-	-	-
Extracurricular . . . . .	-	-	-	-
Other local revenues . . . . .	-	-	-	-
Intergovernmental - intermediate . . . . .	-	-	-	-
Intergovernmental - State . . . . .	11,095	70,063	907,765	103,385
Intergovernmental - Federal . . . . .	-	-	-	-
Total revenues. . . . .	<u>11,095</u>	<u>70,063</u>	<u>907,765</u>	<u>103,385</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular. . . . .	2,790	18,354	602,203	39,810
Special . . . . .	-	-	-	-
Other . . . . .	-	-	113,882	-
Support services:				
Pupil . . . . .	-	39,789	-	51,541
Instructional staff. . . . .	8,373	5,523	927	21,566
Administration . . . . .	-	2,756	60,885	-
Fiscal. . . . .	-	-	-	-
Pupil transportation . . . . .	-	899	-	-
Central . . . . .	-	5,000	-	-
Operation of non-instructional services:				
Food service operation . . . . .	-	-	-	-
Other non-instructional services . . . . .	-	-	-	-
Extracurricular activities . . . . .	-	-	-	-
Intergovernmental pass through. . . . .	-	-	-	-
Total expenditures . . . . .	<u>11,163</u>	<u>72,321</u>	<u>777,897</u>	<u>112,917</u>
Excess of revenues over (under) expenditures . . . . .	<u>(68)</u>	<u>(2,258)</u>	<u>129,868</u>	<u>(9,532)</u>
<b>Other financing sources:</b>				
Transfers in. . . . .	-	-	-	-
Sale of capital assets . . . . .	-	-	-	-
Total other financing sources . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances . . . . .	(68)	(2,258)	129,868	(9,532)
<b>Fund balances (deficits)</b>				
at beginning of year . . . . .	245	1,196	(38,559)	15,144
Increase in reserve for inventory . . . . .	-	-	-	-
<b>Fund balances (deficits) at end of year . . .</b>	<u>\$ 177</u>	<u>\$ (1,062)</u>	<u>\$ 91,309</u>	<u>\$ 5,612</u>

<u>Title VI-B</u>	<u>Title I</u>	<u>Title VI</u>	<u>Drug Free Schools Program</u>	<u>EHA Preschool Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,782,643	2,402,977	7,178	37,655	35,094
<u>1,782,643</u>	<u>2,402,977</u>	<u>7,178</u>	<u>37,655</u>	<u>35,094</u>
-	-	3,024	204	-
819,565	1,516,518	-	-	148
-	-	-	-	-
25,907	-	-	27,736	-
937,898	773,004	164	3,050	42,395
91,478	91,533	-	-	-
-	5,654	-	-	-
-	23,588	-	47	-
-	-	-	-	-
-	-	-	-	-
19,227	3,693	2,958	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,894,075</u>	<u>2,413,990</u>	<u>6,146</u>	<u>31,037</u>	<u>42,543</u>
<u>(111,432)</u>	<u>(11,013)</u>	<u>1,032</u>	<u>6,618</u>	<u>(7,449)</u>
-	-	-	-	-
-	3,000	-	-	-
-	3,000	-	-	-
(111,432)	(8,013)	1,032	6,618	(7,449)
(45,111)	(63,884)	384	(2,221)	(1,012)
-	-	-	-	-
<u>\$ (156,543)</u>	<u>\$ (71,897)</u>	<u>\$ 1,416</u>	<u>\$ 4,397</u>	<u>\$ (8,461)</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, 2007

	<u>E-Rate</u>	<u>Reducing Class Size</u>	<u>Miscellaneous Federal Grants</u>	<u>Food Service</u>
<b>Revenues:</b>				
From local sources:				
Charges for services . . . . .	\$ -	\$ -	\$ -	\$ 1,123,246
Earnings on investments . . . . .	-	-	-	41,472
Extracurricular . . . . .	-	-	-	-
Other local revenues . . . . .	-	-	-	-
Intergovernmental - intermediate . . . . .	-	-	-	-
Intergovernmental - State . . . . .	-	-	-	53,420
Intergovernmental - Federal . . . . .	98,638	452,744	22,622	1,384,504
Total revenues. . . . .	<u>98,638</u>	<u>452,744</u>	<u>22,622</u>	<u>2,602,642</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular. . . . .	-	189,040	10,000	-
Special . . . . .	-	-	-	-
Other . . . . .	-	-	-	-
Support services:				
Pupil . . . . .	-	-	-	-
Instructional staff. . . . .	-	259,481	2,988	-
Administration . . . . .	7,097	24,586	-	-
Fiscal. . . . .	-	-	-	-
Pupil transportation . . . . .	-	-	-	-
Central . . . . .	104,850	-	-	-
Operation of non-instructional services:				
Food service operation . . . . .	-	-	-	2,535,527
Other non-instructional services . . . . .	-	671	11,042	-
Extracurricular activities . . . . .	-	-	-	-
Intergovernmental pass through. . . . .	-	-	-	-
Total expenditures . . . . .	<u>111,947</u>	<u>473,778</u>	<u>24,030</u>	<u>2,535,527</u>
Excess of revenues over (under) expenditures . . . . .	<u>(13,309)</u>	<u>(21,034)</u>	<u>(1,408)</u>	<u>67,115</u>
<b>Other financing sources:</b>				
Transfers in. . . . .	-	-	-	-
Sale of capital assets . . . . .	-	-	-	-
Total other financing sources . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances . . . . .	(13,309)	(21,034)	(1,408)	67,115
<b>Fund balances (deficits)</b>				
at beginning of year . . . . .	13,309	(59)	(1,239)	487,348
Increase in reserve for inventory . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,846</u>
<b>Fund balances (deficits) at end of year . . .</b>	<u>\$ -</u>	<u>\$ (21,093)</u>	<u>\$ (2,647)</u>	<u>\$ 571,309</u>



<u>School Activity Trusts</u>	<u>Staff Trusts</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ 1,123,246
-	-	52,896
-	1,689	233,777
34,919	3,416	242,881
-	-	10,500
-	-	1,907,052
-	-	6,224,055
<u>34,919</u>	<u>5,105</u>	<u>9,794,407</u>
742	-	918,670
-	-	2,336,231
-	-	113,882
-	-	144,973
24,231	-	2,168,266
-	-	283,519
-	-	49,242
-	-	24,534
-	-	186,396
-	-	2,535,527
-	7,672	120,502
400	-	300,995
-	-	626,176
<u>25,373</u>	<u>7,672</u>	<u>9,808,913</u>
<u>9,546</u>	<u>(2,567)</u>	<u>(14,506)</u>
-	-	50,000
-	-	3,000
-	-	53,000
9,546	(2,567)	38,494
89,593	18,621	785,143
-	-	16,846
<u>\$ 99,139</u>	<u>\$ 16,054</u>	<u>\$ 840,483</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, 2007

	<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 . . . . .	\$ 80,000	\$ 80,000	\$ 70,007	\$ (9,993)
Total Expenditures and Other Uses . . . . .	<u>83,692</u>	<u>112,957</u>	<u>85,439</u>	<u>27,518</u>
Net Change in Fund Balances . . . . .	(3,692)	(32,957)	(15,432)	17,525
Fund balance at beginning of year . . . . .	84,060	84,060	84,060	-
Prior year encumbrances appropriated. . . . .	<u>5,779</u>	<u>5,779</u>	<u>5,779</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 86,147</u>	<u>\$ 56,882</u>	<u>\$ 74,407</u>	<u>\$ 17,525</u>
<b>Miscellaneous Grants</b>				
Total Revenues and Other Sources . . . . .	\$ 20,000	\$ 20,000	\$ 10,500	\$ (9,500)
Total Expenditures and Other Uses . . . . .	<u>29,739</u>	<u>40,239</u>	<u>8,499</u>	<u>31,740</u>
Net Change in Fund Balances . . . . .	(9,739)	(20,239)	2,001	22,240
Fund balance at beginning of year . . . . .	70,284	70,284	70,284	-
Prior year encumbrances appropriated. . . . .	<u>105</u>	<u>105</u>	<u>105</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 60,650</u>	<u>\$ 50,150</u>	<u>\$ 72,390</u>	<u>\$ 22,240</u>
<b>District Managed Student Activity</b>				
Total Revenues and Other Sources . . . . .	\$ 296,833	\$ 305,234	\$ 386,041	\$ 80,807
Total Expenditures and Other Uses . . . . .	<u>421,435</u>	<u>429,835</u>	<u>385,632</u>	<u>44,203</u>
Net Change in Fund Balances . . . . .	(124,602)	(124,601)	409	125,010
Fund balance at beginning of year . . . . .	78,606	78,606	78,606	-
Prior year encumbrances appropriated. . . . .	<u>45,996</u>	<u>45,996</u>	<u>45,996</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 125,011</u>	<u>\$ 125,010</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Auxiliary Services</b>				
Total Revenues and Other Sources . . . . .	\$ 633,525	\$ 637,525	\$ 580,010	\$ (57,515)
Total Expenditures and Other Uses . . . . .	<u>739,400</u>	<u>685,447</u>	<u>650,471</u>	<u>34,976</u>
Net Change in Fund Balances . . . . .	(105,875)	(47,922)	(70,461)	(22,539)
Fund balance at beginning of year . . . . .	101,789	101,789	101,789	-
Prior year encumbrances appropriated. . . . .	<u>4,086</u>	<u>4,086</u>	<u>4,086</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ 57,953</u>	<u>\$ 35,414</u>	<u>\$ (22,539)</u>
<b>Management Information Systems</b>				
Total Revenues and Other Sources . . . . .	\$ 80,000	\$ 80,000	\$ 71,788	\$ (8,212)
Total Expenditures. . . . .	<u>89,582</u>	<u>81,479</u>	<u>81,249</u>	<u>230</u>
Net Change in Fund Balances . . . . .	(9,582)	(1,479)	(9,461)	(7,982)
Fund balance at beginning of year . . . . .	<u>9,723</u>	<u>9,723</u>	<u>9,723</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 141</u>	<u>\$ 8,244</u>	<u>\$ 262</u>	<u>\$ (7,982)</u>
<b>Entry Year Programs</b>				
Total Revenues and Other Sources . . . . .	\$ 19,200	\$ 19,200	\$ 13,600	\$ (5,600)
Total Expenditures and Other Uses . . . . .	<u>19,200</u>	<u>14,100</u>	<u>13,600</u>	<u>500</u>
Net Change in Fund Balances . . . . .	-	5,100	-	(5,100)
Fund balance at beginning of year . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ 5,100</u>	<u>\$ -</u>	<u>\$ (5,100)</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Data Communications Fund</b>				
Total Revenues and Other Sources. . . . .	\$ 54,500	\$ 42,000	\$ 42,000	\$ -
Total Expenditures. . . . .	<u>54,500</u>	<u>44,275</u>	<u>44,275</u>	<u>-</u>
Net Change in Fund Balances . . . . .	-	(2,275)	(2,275)	-
Fund balance at beginning of year . . . . .	<u>2,275</u>	<u>2,275</u>	<u>2,275</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 2,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>SchoolNet Professional Development</b>				
Total Revenues and Other Sources. . . . .	\$ 13,956	\$ 13,956	\$ 13,256	\$ (700)
Total Expenditures. . . . .	<u>27,166</u>	<u>26,466</u>	<u>26,374</u>	<u>92</u>
Net Change in Fund Balances . . . . .	(13,210)	(12,510)	(13,118)	(608)
Fund balance at beginning of year . . . . .	(6,155)	(6,155)	(6,155)	-
Prior year encumbrances appropriated . . . . .	<u>19,365</u>	<u>19,365</u>	<u>19,365</u>	<u>-</u>
Fund deficit at end of year. . . . .	<u>\$ -</u>	<u>\$ 700</u>	<u>\$ 92</u>	<u>\$ (608)</u>
<b>Ohio Reads Grant</b>				
Total Revenues and Other Sources. . . . .	\$ 115,006	\$ 115,006	\$ 119,961	\$ 4,955
Total Expenditures and Other Uses. . . . .	<u>114,118</u>	<u>112,783</u>	<u>119,952</u>	<u>(7,169)</u>
Net Change in Fund Balances . . . . .	888	2,223	9	(2,214)
Fund deficit at beginning of year. . . . .	(65)	(65)	(65)	-
Prior year encumbrances appropriated . . . . .	<u>65</u>	<u>65</u>	<u>65</u>	<u>-</u>
Fund deficit at end of year. . . . .	<u>\$ 888</u>	<u>\$ 2,223</u>	<u>\$ 9</u>	<u>\$ (2,214)</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>High Schools That Work</b>				
Total Revenues and Other Sources . . . . .	\$ 12,245	\$ 12,245	\$ 11,095	\$ (1,150)
Total Expenditures . . . . .	<u>12,245</u>	<u>12,245</u>	<u>11,314</u>	<u>931</u>
Net Change in Fund Balances . . . . .	-	-	(219)	(219)
Fund balance at beginning of year . . . . .	<u>245</u>	<u>245</u>	<u>245</u>	<u>-</u>
Fund deficit at end of year . . . . .	<u>\$ 245</u>	<u>\$ 245</u>	<u>\$ 26</u>	<u>\$ (219)</u>
<b>Alternative Schools</b>				
Total Revenues and Other Sources . . . . .	\$ 77,426	\$ 77,426	\$ 70,063	\$ (7,363)
Total Expenditures and Other Uses . . . . .	<u>83,470</u>	<u>81,408</u>	<u>70,819</u>	<u>10,589</u>
Net Change in Fund Balances . . . . .	(6,044)	(3,982)	(756)	3,226
Fund deficit at beginning of year . . . . .	5,883	5,883	5,883	-
Prior year encumbrances appropriated. . . . .	<u>161</u>	<u>161</u>	<u>161</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ 2,062</u>	<u>\$ 5,288</u>	<u>\$ 3,226</u>
<b>Poverty Aid/DPIA</b>				
Total Revenues and Other Sources . . . . .	\$ 825,927	\$ 920,322	\$ 907,765	\$ (12,557)
Total Expenditures . . . . .	<u>825,927</u>	<u>936,957</u>	<u>768,247</u>	<u>168,710</u>
Net Change in Fund Balances . . . . .	-	(16,635)	139,518	156,153
Fund balance at beginning of year . . . . .	<u>16,635</u>	<u>16,635</u>	<u>16,635</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 16,635</u>	<u>\$ -</u>	<u>\$ 156,153</u>	<u>\$ 156,153</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Miscellaneous State Grants</b>				
Total Revenues and Other Sources . . . . .	\$ 84,375	\$ 101,385	\$ 103,385	\$ 2,000
Total Expenditures and Other Uses . . . . .	<u>104,360</u>	<u>170,096</u>	<u>98,621</u>	<u>71,475</u>
Net Change in Fund Balances . . . . .	(19,985)	(68,711)	4,764	73,475
Fund balance at beginning of year . . . . .	16,285	16,285	16,285	-
Prior year encumbrances appropriated. . . . .	<u>5,100</u>	<u>5,100</u>	<u>5,100</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 1,400</u>	<u>\$ (47,326)</u>	<u>\$ 26,149</u>	<u>\$ 73,475</u>
<b>Title VI-B</b>				
Total Revenues and Other Sources . . . . .	\$ 2,252,452	\$ 2,252,452	\$ 1,963,427	\$ (289,025)
Total Expenditures and Other Uses . . . . .	<u>2,199,168</u>	<u>2,199,168</u>	<u>1,950,986</u>	<u>248,182</u>
Net Change in Fund Balances . . . . .	53,284	53,284	12,441	(40,843)
Fund deficit at beginning of year . . . . .	(143,888)	(143,888)	(143,888)	-
Prior year encumbrances appropriated. . . . .	<u>143,888</u>	<u>143,888</u>	<u>143,888</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 53,284</u>	<u>\$ 53,284</u>	<u>\$ 12,441</u>	<u>\$ (40,843)</u>
<b>Title I</b>				
Total Revenues and Other Sources . . . . .	\$ 2,786,785	\$ 2,786,785	\$ 2,427,581	\$ (359,204)
Total Expenditures and Other Uses . . . . .	<u>2,994,722</u>	<u>2,835,003</u>	<u>2,479,332</u>	<u>355,671</u>
Net Change in Fund Balances . . . . .	(207,937)	(48,218)	(51,751)	(3,533)
Fund balance at beginning of year . . . . .	61,963	61,963	61,963	-
Prior year encumbrances appropriated. . . . .	<u>145,974</u>	<u>145,974</u>	<u>145,974</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ 159,719</u>	<u>\$ 156,186</u>	<u>\$ (3,533)</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Title VI</b>				
Total Revenues and Other Sources. . . . .	\$ 13,872	\$ 13,872	\$ 13,701	\$ (171)
Total Expenditures. . . . .	<u>14,336</u>	<u>14,336</u>	<u>14,165</u>	<u>171</u>
Net Change in Fund Balances . . . . .	(464)	(464)	(464)	-
Fund deficit at beginning of year. . . . .	(693)	(693)	(693)	-
Prior year encumbrances appropriated. . .	<u>1,157</u>	<u>1,157</u>	<u>1,157</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Drug Free Schools Program</b>				
Total Revenues and Other Sources. . . . .	\$ 49,436	\$ 49,436	\$ 37,979	\$ (11,457)
Total Expenditures. . . . .	<u>49,111</u>	<u>49,111</u>	<u>33,547</u>	<u>15,564</u>
Net Change in Fund Balances . . . . .	325	325	4,432	4,107
Fund deficit at beginning of year. . . . .	(5,462)	(5,462)	(5,462)	-
Prior year encumbrances appropriated. . .	<u>5,462</u>	<u>5,462</u>	<u>5,462</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 325</u>	<u>\$ 325</u>	<u>\$ 4,432</u>	<u>\$ 4,107</u>
<b>EHA Preschool Grant</b>				
Total Revenues and Other Sources. . . . .	\$ 48,716	\$ 48,716	\$ 42,944	\$ (5,772)
Total Expenditures and Other Uses. . . . .	<u>51,055</u>	<u>51,055</u>	<u>45,283</u>	<u>5,772</u>
Net Change in Fund Balances . . . . .	(2,339)	(2,339)	(2,339)	-
Fund balance at beginning of year . . . . .	1,460	1,460	1,460	-
Prior year encumbrances appropriated. . .	<u>879</u>	<u>879</u>	<u>879</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>E-Rate</b>				
Total Revenues and Other Sources . . . . .	\$ 350,000	\$ 350,000	\$ 138,441	\$ (211,559)
Total Expenditures and Other Uses . . . . .	<u>205,512</u>	<u>160,512</u>	<u>152,410</u>	<u>8,102</u>
Net Change in Fund Balances . . . . .	144,488	189,488	(13,969)	(203,457)
Fund balance at beginning of year . . . . .	8,457	8,457	8,457	-
Prior year encumbrances appropriated. . . . .	<u>5,512</u>	<u>5,512</u>	<u>5,512</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 158,457</u>	<u>\$ 203,457</u>	<u>\$ -</u>	<u>\$ (203,457)</u>
<b>Reducing Class Size</b>				
Total Revenues and Other Sources . . . . .	\$ 660,121	\$ 660,121	\$ 548,529	\$ (111,592)
Total Expenditures and Other Uses . . . . .	<u>585,964</u>	<u>590,625</u>	<u>548,529</u>	<u>42,096</u>
Net Change in Fund Balances . . . . .	74,157	69,496	-	(69,496)
Fund balance at beginning of year . . . . .	-	-	-	-
Prior year encumbrances appropriated. . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 74,157</u>	<u>\$ 69,496</u>	<u>\$ -</u>	<u>\$ (69,496)</u>
<b>Miscellaneous Federal Grants</b>				
Total Revenues and Other Sources . . . . .	\$ 35,259	\$ 35,259	\$ 29,973	\$ (5,286)
Total Expenditures and Other Uses . . . . .	<u>35,267</u>	<u>35,158</u>	<u>29,982</u>	<u>5,176</u>
Net Change in Fund Balances . . . . .	(8)	101	(9)	(110)
Fund deficit at beginning of year . . . . .	(2,877)	(2,877)	(2,877)	-
Prior year encumbrances appropriated. . . . .	<u>2,886</u>	<u>2,886</u>	<u>2,886</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 1</u>	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ (110)</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Food Service</b>				
Total Revenues and Other Sources . . . . .	\$ 2,500,000	\$ 2,500,000	\$ 2,562,496	\$ 62,496
Total Expenditures . . . . .	<u>2,706,653</u>	<u>2,706,653</u>	<u>2,492,221</u>	<u>214,432</u>
Net Change in Fund Balances . . . . .	(206,653)	(206,653)	70,275	276,928
Fund balance at beginning of year . . . . .	612,126	612,126	612,126	-
Prior year encumbrances appropriated. . . . .	<u>34,253</u>	<u>34,253</u>	<u>34,253</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 439,726</u>	<u>\$ 439,726</u>	<u>\$ 716,654</u>	<u>\$ 276,928</u>
<b>School Activity Trusts</b>				
Total Revenues and Other Sources . . . . .	\$ 36,280	\$ 36,280	\$ 34,919	\$ (1,361)
Total Expenditures. . . . .	<u>31,706</u>	<u>36,064</u>	<u>25,373</u>	<u>10,691</u>
Net Change in Fund Balances . . . . .	4,574	216	9,546	9,330
Fund balance at beginning of year . . . . .	<u>89,593</u>	<u>89,593</u>	<u>89,593</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 94,167</u>	<u>\$ 89,809</u>	<u>\$ 99,139</u>	<u>\$ 9,330</u>
<b>Staff Trusts</b>				
Total Revenues and Other Sources . . . . .	\$ 5,356	\$ 5,356	\$ 5,155	\$ (201)
Total Expenditures and Other Uses. . . . .	<u>11,127</u>	<u>12,576</u>	<u>8,432</u>	<u>4,144</u>
Net Change in Fund Balances . . . . .	(5,771)	(7,220)	(3,277)	3,943
Fund balance at beginning of year . . . . .	17,980	17,980	17,980	-
Prior year encumbrances appropriated. . . . .	<u>591</u>	<u>591</u>	<u>591</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 12,800</u>	<u>\$ 11,351</u>	<u>\$ 15,294</u>	<u>\$ 3,943</u>

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

**COMBINING STATEMENTS - NONMAJOR FUNDS**

**Nonmajor Capital Projects Fund**

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 only nonmajor capital projects fund is:

**Permanent Improvement**

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

**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.

**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2007

	<u>Permanent Improvement</u>	<u>SchoolNet</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 1,231,671	\$ 42,476	\$ 1,274,147
Receivables:			
Property taxes . . . . .	1,545,733	-	1,545,733
Total assets. . . . .	<u>\$ 2,777,404</u>	<u>\$ 42,476</u>	<u>\$ 2,819,880</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	\$ 40,642	\$ -	\$ 40,642
Intergovernmental payable . . . . .	1,015	-	1,015
Unearned revenue . . . . .	1,388,760	-	1,388,760
Deferred revenue. . . . .	56,819	-	56,819
Total liabilities. . . . .	<u>1,487,236</u>	<u>-</u>	<u>1,487,236</u>
<b>Fund balances:</b>			
Reserved for encumbrances . . . . .	245,154	32,500	277,654
Reserved for property tax unavailable for appropriation . . . . .	82,000	-	82,000
Unreserved-undesignated . . . . .	963,014	9,976	972,990
Total fund balances . . . . .	<u>1,290,168</u>	<u>42,476</u>	<u>1,332,644</u>
Total liabilities and fund balances . . . . .	<u>\$ 2,777,404</u>	<u>\$ 42,476</u>	<u>\$ 2,819,880</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Permanent Improvement</u>	<u>SchoolNet</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Revenues:</b>			
From local sources:			
Taxes . . . . .	\$ 1,508,888	\$ -	\$ 1,508,888
Intergovernmental - State . . . . .	214,647	42,476	257,123
Total revenues . . . . .	<u>1,723,535</u>	<u>42,476</u>	<u>1,766,011</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	175,566	-	175,566
Special . . . . .	6,192	-	6,192
Support services:			
Pupil . . . . .	240	-	240
Instructional staff . . . . .	27,621	-	27,621
Administration . . . . .	12,952	-	12,952
Fiscal . . . . .	24,759	-	24,759
Business . . . . .	2,500	-	2,500
Operations and maintenance . . . . .	200,017	-	200,017
Pupil transportation . . . . .	489,370	-	489,370
Central . . . . .	157,209	-	157,209
Operation of non-instructional services:			
Other non-instructional services . . . . .	8,615	-	8,615
Facilities acquisition and construction . . . . .	947,554	-	947,554
Debt service:			
Principal retirement . . . . .	279,327	-	279,327
Interest and fiscal charges . . . . .	45,466	-	45,466
Total expenditures . . . . .	<u>2,377,388</u>	<u>-</u>	<u>2,377,388</u>
Excess of revenues over (under) expenditures . . . . .	<u>(653,853)</u>	<u>42,476</u>	<u>(611,377)</u>
<b>Other financing sources:</b>			
Note issuance . . . . .	990,000	-	990,000
Total other financing sources . . . . .	<u>990,000</u>	<u>-</u>	<u>990,000</u>
Net change in fund balances . . . . .	336,147	42,476	378,623
<b>Fund balances at beginning of year . . . . .</b>	<u>954,021</u>	<u>-</u>	<u>954,021</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 1,290,168</u>	<u>\$ 42,476</u>	<u>\$ 1,332,644</u>

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<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 . . . . .	\$ 2,700,000	\$ 2,700,000	\$ 2,707,010	\$ 7,010
Total Expenditures and Other Uses . . . . .	<u>2,895,006</u>	<u>2,895,006</u>	<u>2,783,487</u>	<u>111,519</u>
Net Change in Fund Balances . . . . .	(195,006)	(195,006)	(76,477)	118,529
Fund balance at beginning of year . . . . .	722,868	722,868	722,868	-
Prior year encumbrances appropriated. . . . .	<u>305,006</u>	<u>305,006</u>	<u>305,006</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 832,868</u>	<u>\$ 832,868</u>	<u>\$ 951,397</u>	<u>\$ 118,529</u>
<b>SchoolNet</b>				
Total Revenues and Other Sources . . . . .	\$ -	\$ 42,476	\$ 42,476	\$ -
Total Expenditures and Other Uses . . . . .	<u>-</u>	<u>42,476</u>	<u>32,500</u>	<u>9,976</u>
Net Change in Fund Balances . . . . .	-	-	9,976	9,976
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>\$ 9,976</u>	<u>\$ 9,976</u>

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

**Internal Service Fund**

A fund category used to account for the financing of goods or services provided by one department or agency of the District to other departments or agencies on a cost-reimbursement basis. Charges are intended only to recoup the total cost of such services.

**Employee Benefits Self-Insurance**

This fund is provided to account for monies received from other funds as payment for providing dental benefits. The Self-Insured Dental fund may make payments for services provided to employees, for reimbursement to employees who have paid providers, to third party administrators for claims payment or administration, for stop-loss coverage, or for any other reinsurance or other similar purposes.

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

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Employee Benefits Self-Insurance</b>				
Total Operating and Non-operating Revenues . . .	\$ 575,000	\$ 575,000	\$ 497,602	\$ (77,398)
Total Operating and Non-operating Expenses . . .	<u>514,500</u>	<u>514,500</u>	<u>513,635</u>	<u>865</u>
Net change in fund equity . . . . .	60,500	60,500	(16,033)	(76,533)
Fund equity at beginning of year. . . . .	215,214	215,214	215,214	-
Prior year encumbrances appropriated. . . .	<u>4,500</u>	<u>4,500</u>	<u>4,500</u>	<u>-</u>
Fund equity at end of year . . . . .	<u>\$ 280,214</u>	<u>\$ 280,214</u>	<u>\$ 203,681</u>	<u>\$ (76,533)</u>

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

**COMBINING STATEMENTS - FIDUCIARY FUNDS**

**FIDUCIARY FUNDS**

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

**PRIVATE-PURPOSE TRUST FUNDS**

**Special Trusts Fund**

To account for monies to be set aside for college scholarships for students enrolled in the School District. The income from such a fund may be expended, but the principal must remain intact.

**Endowment Fund**

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

**AGENCY FUND**

**Student Managed Activities Fund**

To account for those student activity programs which have student participation in the activity and have students involved in the management of the program.



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

COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
PRIVATE-PURPOSE TRUST FUNDS  
JUNE 30, 2007

	<b>Special Trusts</b>	<b>Endowment</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 44,891	\$ 10,014	\$ 54,905
Total assets. . . . .	44,891	10,014	54,905
<b>Net Assets:</b>			
Held in trust for scholarships . . . . .	44,891	10,014	54,905
Total net assets . . . . .	\$ 44,891	\$ 10,014	\$ 54,905

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

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
PRIVATE-PURPOSE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<b>Special Trusts</b>	<b>Endowment</b>	<b>Total</b>
<b>Additions:</b>			
Interest . . . . .	\$ 2,238	\$ 530	\$ 2,768
Gifts and contributions. . . . .	1,000	-	1,000
Total additions. . . . .	3,238	530	3,768
<b>Deductions:</b>			
Scholarships awarded . . . . .	3,457	500	3,957
Change in net assets . . . . .	(219)	30	(189)
<b>Net assets at beginning of year . . . . .</b>	45,110	9,984	55,094
<b>Net assets at end of year . . . . .</b>	\$ 44,891	\$ 10,014	\$ 54,905

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

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN  
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Special Trusts</b>				
Total Operating and Non-operating Revenues . . .	\$ 3,364	\$ 3,364	\$ 3,238	\$ (126)
Total Operating and Non-operating Expenses . . .	<u>4,595</u>	<u>5,189</u>	<u>3,457</u>	<u>1,732</u>
Net change in fund equity . . . . .	(1,231)	(1,825)	(219)	1,606
Fund equity at beginning of year. . . . .	44,835	44,835	44,835	-
Prior year encumbrances appropriated. . . .	<u>275</u>	<u>275</u>	<u>275</u>	<u>-</u>
Fund equity at end of year . . . . .	<u>\$ 43,879</u>	<u>\$ 43,285</u>	<u>\$ 44,891</u>	<u>\$ 1,606</u>
<b>Endowment</b>				
Total Operating and Non-operating Revenues . . .	\$ 500	\$ 500	\$ 530	\$ 30
Total Operating and Non-operating Expenses . . .	<u>350</u>	<u>500</u>	<u>500</u>	<u>-</u>
Net change in fund equity . . . . .	150	-	30	30
Fund equity at beginning of year. . . . .	<u>9,984</u>	<u>9,984</u>	<u>9,984</u>	<u>-</u>
Fund equity at end of year . . . . .	<u>\$ 10,134</u>	<u>\$ 9,984</u>	<u>\$ 10,014</u>	<u>\$ 30</u>

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

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Beginning Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2007</u>
<b>Student Managed Activities</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . .	\$ 62,613	\$ 68,291	\$ 90,235	\$ 40,669
	<u>62,613</u>	<u>68,291</u>	<u>90,235</u>	<u>40,669</u>
<b>Liabilities:</b>				
Due to students . . . . .	\$ 62,613	\$ 68,291	\$ 90,235	\$ 40,669
	<u>62,613</u>	<u>68,291</u>	<u>90,235</u>	<u>40,669</u>

# STATISTICAL SECTION

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

STATISTICAL SECTION

This part of the Newark City School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	<b>125-138</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	<b>139-144</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	<b>145-148</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	<b>149-150</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	<b>151-159</b>

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

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

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ 16,214,383	\$ 13,103,344	\$ 9,955,146	\$ 9,152,844
Restricted	5,704,916	5,406,107	5,060,101	3,180,387
Unrestricted (deficit)	(3,782,517)	(3,376,375)	1,362,383	5,327,808
Total governmental activities net assets	<u>\$ 18,136,782</u>	<u>\$ 15,133,076</u>	<u>\$ 16,377,630</u>	<u>\$ 17,661,039</u>

**Source:** School District financial records.



<u>2003</u>	<u>2002</u>
\$ 11,505,731	\$ 11,951,793
2,974,422	2,948,775
7,070,189	7,932,608
<u>\$ 21,550,342</u>	<u>\$ 22,833,176</u>

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

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Expenses</b>				
Governmental activities:				
Instruction:				
Regular	\$ 28,134,111	\$ 28,553,388	\$ 28,662,755	\$ 26,376,443
Special	7,449,750	7,431,992	6,847,032	6,345,783
Vocational	1,041,165	1,087,737	1,089,735	1,182,704
Other instructional	293,270	194,920	13,059	16,306
Support services:				
Pupil	3,100,714	2,901,350	2,847,301	2,968,230
Instructional staff	5,179,283	4,734,810	3,898,544	3,946,139
Board of education	241,624	345,371	341,420	237,432
Administration	4,087,770	3,910,074	3,945,441	4,191,719
Fiscal	1,131,945	1,105,748	1,008,723	1,032,761
Business	564,398	582,607	523,402	527,942
Operations and maintenance	4,989,885	5,174,107	5,171,450	4,960,836
Pupil transportation	2,783,937	2,565,336	2,345,807	2,167,866
Central	829,579	944,617	881,931	780,036
Operation of non-instructional services:				
Food service operations	2,561,467	2,604,010	2,353,651	2,382,382
Other non-instructional services	150,136	232,141	149,780	321,243
Extracurricular activities	1,029,804	1,071,732	900,135	899,861
Intergovernmental pass-through	639,407	629,679	567,254	571,244
Interest and fiscal charges	3,192,382	3,071,064	1,142,139	337,037
Total governmental activities expenses	<u>67,400,627</u>	<u>67,140,683</u>	<u>62,689,559</u>	<u>59,245,964</u>

- (Continued)

<u>2003</u>	<u>2002</u>
\$ 24,508,474	\$ 23,411,738
5,795,463	5,757,682
1,037,110	856,973
9,625	103,762
2,703,972	2,594,162
3,486,646	3,470,282
237,865	291,754
3,988,909	3,806,315
1,006,549	999,495
535,545	539,054
4,744,279	4,037,085
2,068,391	1,870,559
914,265	879,653
2,270,663	2,161,102
83,422	83,732
860,452	851,835
694,466	694,298
383,297	425,593
55,329,393	52,835,074

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

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
Instruction:				
Regular	\$ 669,166	\$ 504,724	\$ 435,994	\$ 509,081
Special	-	-	-	-
Other	-	-	-	-
Support services:				
Instructional staff	-	-	-	-
Fiscal	23,322	23,031	22,764	25,413
Operations and maintenance	4,374	6,103	-	-
Pupil transportation	45,245	31,583	36,234	56,190
Operation of non-instructional services:				
Food service operations	1,123,246	1,167,613	1,115,521	1,111,397
Other non-instructional services	1,689	1,853	40,739	13,809
Extracurricular activities	232,088	243,028	224,315	186,547
Operating grants and contributions:				
Instruction:				
Regular	2,751,747	1,189,563	924,400	918,509
Special	2,400,089	2,483,275	2,571,207	2,124,975
Vocational	150,137	-	-	4,949
Other instructional	132,894	-	-	-
Support services:				
Pupil	155,554	86,205	85,377	161,869
Instructional staff	1,909,091	1,953,205	1,239,356	989,676
Administration	256,806	317,262	285,052	279,937
Fiscal	16,558	16,952	16,946	17,568
Operations and maintenance	169,128	1,126	53,875	47,566
Pupil transportation	147,193	7,711	13,926	3,683
Central	-	266,704	258,820	124,201
Operation of non-instructional services:				
Food service operations	1,479,396	1,303,190	1,389,461	1,189,780
Other non-instructional services	106,986	99,392	128,339	726,918
Extracurricular activities	143,078	33,298	44,861	68,353
Intergovernmental pass-through	580,011	571,711	604,068	-
Capital grants and contributions:				
Instruction:				
Regular	-	-	-	134,475
Vocational	-	-	-	-
Support services:				
Pupil transportation	48,266	-	-	-
Central	-	-	-	-
Operation of non-instructional services:				
Other non-instructional services	-	-	-	-
Total governmental program revenues	<u>12,546,064</u>	<u>10,307,529</u>	<u>9,491,255</u>	<u>8,694,896</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	<u>(54,854,563)</u>	<u>(56,833,154)</u>	<u>(53,198,304)</u>	<u>(50,551,068)</u>

- (Continued)

<u>2003</u>	<u>2002</u>
\$ 600,865	\$ 354,595
-	55,533
-	14,814
-	29,006
-	-
-	-
26,144	-
1,143,462	1,140,197
59,533	19,481
252,401	215,105
695,927	1,414,333
1,999,072	1,386,837
275,412	32,011
-	94,583
611,351	100,168
1,044,045	692,945
106,734	243,264
10,670	24,739
-	-
-	3,650
151,810	110,676
1,045,963	986,069
14,027	54,333
-	142,398
621,248	688,602
27,368	156,123
405	7,796
-	75,144
-	8,700
-	52,877
8,686,437	8,103,979
(46,642,956)	(44,731,095)

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

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

<b>General Revenues and Other Changes in Net Assets</b>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental activities:				
Property taxes levied for:				
General purposes	\$ 16,151,573	\$ 13,703,475	\$ 13,508,764	\$ 14,311,729
Debt service	4,520,108	4,139,536	3,109,628	502,213
Capital outlay	1,513,579	1,393,660	1,402,882	1,493,491
School district income taxes	7,874,278	6,865,451	6,954,810	6,675,694
Grants and entitlements not restricted to specific programs	24,336,251	26,074,935	25,913,567	25,130,747
Investment earnings	3,351,578	3,197,642	983,403	274,759
Miscellaneous	110,902	60,890	41,841	124,922
Special Item:				
Gain on sale of building	-	153,011	-	-
Total governmental activities	<u>57,858,269</u>	<u>55,588,600</u>	<u>51,914,895</u>	<u>48,513,555</u>
 Total primary government	 <u>57,858,269</u>	 <u>55,588,600</u>	 <u>51,914,895</u>	 <u>48,513,555</u>
 <b>Change in Net Assets</b>				
Governmental activities	<u>\$ 3,003,706</u>	<u>\$ (1,244,554)</u>	<u>\$ (1,283,409)</u>	<u>\$ (2,037,513)</u>

**Source:** School District financial records.

<u>2003</u>	<u>2002</u>
\$ 14,055,686	\$ 12,893,048
504,191	529,776
1,499,180	1,439,871
6,417,041	6,665,355
22,430,681	22,642,337
396,083	826,007
57,260	174,698
-	-
<u>45,360,122</u>	<u>45,171,092</u>
<u>45,360,122</u>	<u>45,171,092</u>
<u><u>\$ (1,282,834)</u></u>	<u><u>\$ 439,997</u></u>

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

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund:					
Reserved	\$ 1,629,693	\$ 1,384,162	\$ 2,253,879	\$ 3,056,114	\$ 2,869,336
Unreserved	<u>1,511,007</u>	<u>2,840,394</u>	<u>6,171,645</u>	<u>9,724,153</u>	<u>11,848,025</u>
Total general fund	<u>\$ 3,140,700</u>	<u>\$ 4,224,556</u>	<u>\$ 8,425,524</u>	<u>\$ 12,780,267</u>	<u>\$ 14,717,361</u>
All Other Governmental Funds:					
Reserved	\$ 21,989,659	\$ 40,587,089	\$ 8,113,911	\$ 1,438,404	\$ 1,038,802
Unreserved, reported in:					
Special revenue funds	511,036	322,777	1,112,823	442,626	549,320
Capital projects funds	13,732,555	25,765,669	45,356,433	757,890	892,703
Debt service funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 36,233,250</u>	<u>\$ 66,675,535</u>	<u>\$ 54,583,167</u>	<u>\$ 2,638,920</u>	<u>\$ 2,480,825</u>

**Source:** School District financial records.



<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
\$ 1,921,386	\$ 5,597,296	\$ 3,606,902	\$ 1,105,913	\$ 1,051,156
13,709,331	10,781,632	7,675,712	4,526,838	33,119
<u>\$ 15,630,717</u>	<u>\$ 16,378,928</u>	<u>\$ 11,282,614</u>	<u>\$ 5,632,751</u>	<u>\$ 1,084,275</u>
\$ 1,487,588	\$ 1,645,844	\$ 1,706,553	\$ 1,494,447	\$ 1,073,223
1,026,623	791,047	534,897	229,155	437,974
866,111	352,858	(22,339)	(268,513)	227,350
-	-	-	469,842	417,449
<u>\$ 3,380,322</u>	<u>\$ 2,789,749</u>	<u>\$ 2,219,111</u>	<u>\$ 1,924,931</u>	<u>\$ 2,155,996</u>

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

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Revenues</b>				
From local sources:				
Taxes	\$ 29,572,014	\$ 29,257,119	\$ 24,950,728	\$ 23,079,582
Tuition	531,753	433,518	314,139	377,784
Transportation fees	45,245	31,583	36,234	-
Charges for services	1,123,246	1,167,738	1,119,220	1,108,670
Earnings on investments	3,863,883	2,517,486	889,366	255,264
Extracurricular	233,777	244,881	265,338	201,028
Classroom materials and fees	111,387	107,197	123,699	-
Other local revenues	453,003	252,129	252,571	517,556
Other revenue	-	-	31,630	11,658
Intergovernmental - intermediate	10,500	16,300	-	-
Intergovernmental - State	28,566,396	25,250,479	27,316,257	26,617,391
Intergovernmental - Federal	6,275,892	5,960,152	6,741,015	4,860,884
Total revenues	<u>70,787,096</u>	<u>65,238,582</u>	<u>62,040,197</u>	<u>57,029,817</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	27,575,208	27,975,004	28,065,173	25,961,258
Special	7,349,527	7,430,230	6,921,107	6,311,759
Vocational	1,034,465	1,072,877	1,060,164	1,176,775
Adult/Continuing	-	-	-	-
Other	292,914	186,415	13,059	16,306
Current:				
Pupil	3,078,446	2,855,961	2,832,431	2,933,163
Instructional staff	5,031,555	4,602,871	3,799,201	3,639,499
Board of education	241,624	345,371	341,420	237,432
Administration	4,042,831	3,841,841	3,785,983	4,260,278
Fiscal	1,124,932	1,091,412	1,013,159	1,024,811
Business	497,248	578,033	518,418	523,986
Operations and maintenance	4,963,868	5,155,432	4,753,538	4,811,768
Pupil transportation	2,925,542	2,732,911	2,416,712	2,098,721
Central	933,351	919,891	856,895	782,421
Operation of non-instructional services:				
Food service operations	2,535,527	2,613,723	2,265,445	2,223,606
Other non-instructional services	130,017	52,847	211,071	107,094
Extracurricular activities	1,001,714	1,044,681	873,950	877,989
Intergovernmental pass-through	626,176	629,679	567,254	570,992
Facilities acquisitions and construction	35,123,552	9,977,873	2,401,055	467,077
Capital outlay	-	408,409	-	-
Debt service:				
Principal retirement	1,634,327	1,689,314	256,368	423,986
Interest and fiscal charges	3,195,079	2,915,044	1,061,833	339,375
Bond issue costs	-	367,892	-	-
Total expenditures	<u>103,337,903</u>	<u>78,487,711</u>	<u>64,014,236</u>	<u>58,788,296</u>
Excess of revenues over (under) expenditures	(32,550,807)	(13,249,129)	(1,974,039)	(1,758,479)

- (Continued)

	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
\$	22,360,732	\$ 21,955,345	\$ 24,228,094	\$ 23,747,527	\$ 26,035,641	\$ 18,800,327
	365,798	266,839	260,298	438,598	205,311	125,254
	-	-	-	-	-	-
	1,142,365	1,138,057	-	-	-	-
	441,642	910,298	1,520,669	1,126,142	503,798	431,001
	190,769	207,826	190,378	219,988	212,225	229,016
	-	-	-	-	-	-
	560,545	502,133	448,289	314,298	229,101	342,803
	48,068	150,100	103,445	-	-	56,849
	-	-	-	-	-	-
	24,104,580	24,827,063	26,803,962	25,298,675	25,681,774	20,857,640
	3,690,727	4,284,498	-	-	-	1,915,546
	<u>52,905,226</u>	<u>54,242,159</u>	<u>53,555,135</u>	<u>51,145,228</u>	<u>52,867,850</u>	<u>42,758,436</u>
	23,448,873	22,504,640	21,720,645	20,632,924	21,888,841	20,549,114
	5,758,438	5,739,944	4,433,452	4,419,359	4,479,888	4,226,510
	985,991	823,787	681,858	738,881	814,731	770,389
	-	-	-	-	-	19,223
	9,625	103,762	77,775	16,931	18,324	-
	2,707,721	2,548,054	2,200,299	2,043,932	2,076,218	1,933,919
	3,398,310	3,350,064	2,598,403	2,399,199	2,631,328	2,235,914
	237,865	291,754	356,526	259,788	148,382	190,098
	3,894,744	3,774,296	3,298,578	2,996,761	3,015,703	2,837,577
	985,215	1,015,716	973,054	871,172	957,622	726,467
	528,695	531,334	755,938	715,093	734,962	674,968
	4,328,616	3,964,949	4,321,346	3,858,886	3,928,499	4,001,293
	2,098,983	1,819,169	1,965,737	1,581,473	1,461,624	1,679,680
	897,046	833,307	987,512	541,948	503,586	216,163
	2,008,198	2,114,495	-	-	-	-
	103,301	155,676	640,510	722,556	621,231	603,365
	826,851	821,866	690,814	728,513	738,505	781,012
	694,466	694,298	15,000	-	-	-
	1,077,052	709,610	-	-	-	-
	155,787	-	1,903,264	1,404,394	1,262,643	1,414,838
	380,716	449,117	543,032	485,000	460,000	250,000
	387,156	430,457	450,746	494,920	549,725	213,202
	-	-	-	-	-	-
	<u>54,913,649</u>	<u>52,676,295</u>	<u>48,614,489</u>	<u>44,911,730</u>	<u>46,291,812</u>	<u>43,323,732</u>
	(2,008,423)	1,565,864	4,940,646	6,233,498	6,576,038	(565,296)

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

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	50,000	45,000	61,429	40,000
Transfers (out)	(50,000)	(45,000)	(61,429)	(40,000)
Advances in	-	-	-	-
Advances (out)	-	-	-	-
Refund of prior year expenditure	-	-	50,000,000	-
Refund of prior year receipt	-	-	-	-
Other miscellaneous sources of funds	-	-	-	-
Sale of capital assets	17,820	17,545	10,700	-
Capital lease transaction	-	408,409	-	-
Premium on bond issuance	-	657,621	461,824	-
Payment to refunded bond escrow	-	(5,615,280)	-	-
Issuance of notes	990,000	25,414,998	-	-
Total other financing sources (uses)	1,007,820	20,883,293	50,472,524	-
<b>Special Item:</b>				
Sale of building	-	250,000	-	-
Net change in fund balances	<u>\$ (31,542,987)</u>	<u>\$ 7,884,164</u>	<u>\$ 48,498,485</u>	<u>\$ (1,758,479)</u>
Debt service as a percentage of noncapital expenditures	4.67%	6.37%	2.06%	1.30%

**Source:** School District financial records.

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
71,613	-	-	698,008	67,648	180,764
(71,613)	-	(2,556)	(980,675)	(130,825)	(945,355)
-	-	-	-	-	-
-	-	-	-	-	-
4,233	-	-	-	-	283,765
-	-	-	-	-	(14,912)
-	-	-	-	-	6,615
-	16,312	13,748	1,100	5,883	1,513
155,787	-	685,679	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	2,803,870
160,020	16,312	696,871	(281,567)	(57,294)	2,316,260
-	-	-	-	-	-
<u>\$ (1,848,403)</u>	<u>\$ 1,582,176</u>	<u>\$ 5,637,517</u>	<u>\$ 5,951,931</u>	<u>\$ 6,518,744</u>	<u>\$ 1,750,964</u>
1.40%	1.67%	2.13%	2.25%	2.24%	1.11%

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

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

<b>Collection Year</b>	<b>Real Property (a)</b>		<b>Tangible Personal Property (b)</b>		<b>Public Utility (c)</b>	
	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>Assessed Value</b>	<b>Estimated Actual Value</b>
2007	\$ 748,482,390	\$ 2,138,521,114	\$ 32,795,180	\$ 131,180,720	\$ 28,457,510	\$ 81,307,171
2006	739,828,180	2,113,794,800	60,520,190	242,080,760	28,310,940	80,888,400
2005	663,274,280	1,895,069,371	58,251,640	233,006,560	28,615,340	81,758,114
2004	652,575,730	1,864,502,086	66,104,880	264,419,520	27,644,720	78,984,914
2003	642,775,000	1,836,500,000	62,139,910	248,559,640	27,832,080	79,520,229
2002	582,130,530	1,663,230,086	65,222,500	260,890,000	26,908,730	76,882,086
2001	573,100,360	1,637,429,600	63,241,970	252,967,880	37,396,510	106,847,171
2000	568,452,510	1,624,150,029	56,445,250	225,781,000	35,724,640	102,070,400
1999	487,419,510	1,392,627,171	59,310,510	237,242,040	39,243,900	112,125,429
1998	469,045,480	1,340,129,943	60,571,730	242,286,920	39,180,720	111,944,914

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

- (a) The assessed value of real property is fixed at 35% of true value and is determined pursuant to the State Tax Commissioner.
- (b) The rate at which tangible personal property used in business is assessed for purposes ad valorem property taxation decreased one percent each year from 35% in 1983 until it reached 25% in 1993.
- (c) Assumes public utilities are assessed at true value which is 35%.

		<b>Total</b>		
<b>Total Direct Tax Rate</b>	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>%</b>	
\$ 36.42	\$ 809,735,080	\$ 2,351,009,005	34.44%	
36.35	828,659,310	2,436,763,960	34.01%	
37.02	750,141,260	2,209,834,045	33.95%	
31.13	746,325,330	2,207,906,520	33.80%	
31.14	732,746,990	2,164,579,869	33.85%	
31.21	674,261,760	2,001,002,172	33.70%	
31.22	673,738,840	1,997,244,651	33.73%	
31.25	660,622,400	1,952,001,429	33.84%	
49.00	585,973,920	1,741,994,640	33.64%	
49.00	568,797,930	1,694,361,777	33.57%	

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

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

Tax Year/ Collection Year	Overlapping Rates		Direct Rates					Licking County Joint Vocational School
	County	City	Voted			Unvoted	Total	
			General	Bond	Permanent Improvement			
2006/2007	\$ 7.40	\$ 3.70	23.40	6.02	2.90	4.10	36.42	3.00
2005/2006	7.40	3.70	23.40	5.95	2.90	4.10	36.35	3.00
2004/2005	7.20	3.70	23.40	6.62	2.90	4.10	37.02	3.00
2003/2004	7.20	3.70	23.40	0.73	2.90	4.10	31.13	2.80
2002/2003	7.20	3.70	23.40	0.74	2.90	4.10	31.14	3.00
2001/2002	7.20	3.70	23.40	0.81	2.90	4.10	31.21	2.00
2000/2001	7.20	3.70	23.40	0.82	2.90	4.10	31.22	2.00
1999/2000	7.20	3.70	23.40	0.85	2.90	4.10	31.25	2.00
1998/1999	7.20	3.70	41.00	1.00	2.90	4.10	49.00	2.00
1997/1998	7.20	3.70	41.00	1.00	2.90	4.10	49.00	2.00

Source: Licking County Auditor's Office



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

**PRINCIPAL PROPERTY TAX PAYERS  
TAX YEARS 2006 AND 1999**

<b>December 31, 2006</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>
Ohio Power	\$ 15,880,760	1	1.92%
Alltel Ohio, Inc.	4,414,490	2	0.53%
Wal-Mart Real Estate	3,851,820	3	0.46%
Owens Corning Fiberglas	2,712,960	4	0.33%
Home Depot USA Inc.	2,333,600	5	0.28%
State Farm Mutual Auto Insurance	2,257,300	6	0.27%
Meijer Stores Limited Partnership	2,154,220	7	0.26%
BV Newark LLC	1,928,010	8	0.23%
L & C Lighting Group Inc.	1,703,450	9	0.21%
Kroger Company	1,690,050	10	0.20%
<b>Total</b>	<b>\$ 38,926,660</b>		<b>\$ 809,735,080</b>

<b>December 31, 1999</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>
Owen Corning, Inc.	\$ 24,537,640	1	3.64%
Ohio Power Company	18,091,290	2	2.68%
Alltel Ohio, Inc.	8,021,310	3	1.19%
Holophane Lighting, Inc.	5,949,880	4	0.88%
National Gas & Oil Company	5,768,050	5	0.86%
State Farm Mutual Auto Insurance	5,191,910	6	0.77%
Columbia Gas	3,146,470	7	0.47%
Thrifty Ohio, Inc.	3,136,640	8	0.47%
Southgate Company LLP	252,230	9	0.04%
Health Care Prop. Investors Inc.	2,266,430	10	0.34%
<b>Total</b>	<b>\$ 76,361,850</b>		<b>585,973,920</b>

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

**Note:** Tax assessed values are not available prior to December 1999.

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

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

<b>Tax Year/ Collection Year</b>	<b>Current Levy</b>	<b>Delinquent Levy</b>	<b>Total Levy</b>	<b>Current Collection</b>	<b>Percent of Current Levy Collected</b>
2006/2007	\$ 23,478,761	\$ 1,369,068	\$ 24,847,829	\$ 22,627,569	96.37%
2005/2006	23,531,790	1,181,979	24,713,769	22,594,745	96.02%
2004/2005	17,841,154	1,159,133	19,000,287	17,363,135	97.32%
2003/2004	17,991,082	1,148,299	19,139,381	17,153,105	95.34%
2002/2003	17,082,951	1,181,308	18,264,259	16,492,781	96.55%
2001/2002	16,803,018	1,490,888	18,293,906	16,203,429	96.43%
2000/2001	16,481,808	918,277	17,400,085	15,589,000	94.58%
1999/2000	21,743,348	1,186,231	22,929,579	21,262,674	97.79%
1998/1999	20,680,453	1,787,841	22,468,294	20,363,419	98.47%
1997/1998	19,868,881	1,363,399	21,232,280	18,553,069	93.38%

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

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

<b>Delinquent Collection</b>	<b>Total Collection</b>	<b>Total Collection As a Percent of Total Levy</b>
\$ 740,785	\$ 23,368,354	94.05%
640,753	23,235,498	94.02%
575,124	17,938,259	94.41%
618,793	17,771,898	92.86%
567,595	17,060,376	93.41%
910,882	17,114,311	93.55%
460,105	16,049,105	92.24%
682,721	21,945,395	95.71%
1,387,111	21,750,530	96.81%
768,138	19,321,207	91.00%

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

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

<b>Fiscal Year</b>	<b>Governmental Activities</b>			<b>(a) Total Primary Government</b>	<b>(b) Per Capita</b>	<b>(b) Per ADM</b>
	<b>General Obligation Bonds</b>	<b>Bond Anticipation Notes</b>	<b>Capital Leases</b>			
2007	\$ 73,349,998	\$ -	\$ 151,502	\$ 73,501,500	1,588	10,944
2006	74,713,333	-	387,270	75,100,603	1,623	11,116
2005	56,231,826	-	141,349	56,373,175	1,218	8,208
2004	6,289,928	-	339,615	6,629,543	143	950
2003	6,524,928	610,000	528,601	7,663,529	166	1,099
2002	6,749,928	1,195,000	528,530	8,473,458	183	1,213
2001	7,074,928	1,755,000	652,647	9,482,575	205	1,313
2000	7,584,928	2,290,000	-	9,874,928	213	1,335
1999	8,069,928	2,800,000	-	10,869,928	245	1,462
1998	960,000	2,800,000	-	3,760,000	85	495

**Source:** School District's Records

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

(b) See schedule " Demographic and Economic Statistic, Last Ten Years" for personal income, population and enrollment information.

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

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Total</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
2007	\$ 73,349,998	\$ 73,349,998	3.12%	1,585
2006	74,713,333	74,713,333	3.07%	1,614
2005	56,231,826	56,231,826	2.54%	1,215
2004	6,289,928	6,289,928	0.28%	136
2003	6,524,928	6,524,928	0.30%	141
2002	6,749,928	6,749,928	0.34%	146
2001	7,074,928	7,074,928	0.35%	153
2000	7,584,928	7,584,928	0.39%	164
1999	8,069,928	8,069,928	0.46%	182
1998	960,000	960,000	0.06%	22

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

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

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2007

<u>Governmental Unit</u>	<u>Assessed Valuation</u>	<u>Net General Tax Supported Debt</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Newark City School District (1)	\$ 809,735,080	\$ -	100.00%	\$ -
Overlapping debt:				
City of Newark	810,786,940	21,952,991	99.87%	21,924,511
Licking County	3,647,058,160	<u>29,161,919</u>	22.20%	<u>6,474,651</u>
Total direct and overlapping debt		<u>\$ 51,114,910</u>		<u>\$ 28,399,162</u>

**Source:** Licking County Auditor

**Note:** Percent applicable to Newark City School District calculated using assessed valuation of the District area value contained within the noted governmental unit divided by assessed valuation of the governmental unit.

(1) Includes general obligations bonds outstanding and bond anticipation notes outstanding at fiscal year end.

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

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>Voted Debt Limit</b>	<b>Total Debt Applicable to Limit</b>	<b>Debt Service Available Balance</b>	<b>Net Debt Applicable to Limit</b>	<b>Voted Legal Debt Margin</b>	<b>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</b>
2007	\$ 69,401,367	\$ 73,349,998	\$ 3,545,229	\$ 69,804,769	\$ (403,402) (a)	N/A
2006	74,579,338	74,713,333	3,121,764	71,591,569	2,987,769	95.99%
2005	67,512,713	56,231,826	2,820,860	53,410,966	14,101,747	79.11%
2004	67,169,280	6,289,928	285,205	6,004,723	61,164,557	8.94%
2003	65,947,229	6,524,928	422,566	6,102,362	59,844,867	9.25%
2002	60,683,558	6,749,928	438,890	6,311,038	54,372,520	10.40%
2001	60,636,496	7,074,928	589,515	6,485,413	54,151,083	10.70%
2000	59,456,016	7,584,928	540,111	7,044,817	52,411,199	11.85%
1999	52,737,653	8,069,928	469,842	7,600,086	45,137,567	14.41%
1998	51,191,814	960,000	417,449	542,551	50,649,263	1.06%

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

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

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

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

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

DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rates</u>		
					<u>Licking County</u>	<u>Ohio</u>	<u>United States</u>
2007	46,279	\$ 17,819	35.9	6,716	5.5%	5.5%	4.7%
2006	46,279	17,819	35.9	6,756	3.4%	5.1%	4.4%
2005	46,279	17,819	35.9	6,868	5.8%	5.9%	5.0%
2004	46,279	17,819	35.9	6,978	5.9%	6.2%	5.1%
2003	46,279	17,819	35.9	6,973	6.0%	6.2%	5.7%
2002	46,279	17,819	35.9	6,985	5.1%	5.7%	6.0%
2001	46,279	17,819	35.9	7,222	3.9%	4.4%	5.8%
2000	46,279	17,819	35.9	7,395	3.7%	4.0%	4.0%
1999	44,389	11,680	33.0	7,433	3.7%	4.3%	4.1%
1998	44,389	11,680	33.0	7,594	4.0%	4.3%	4.5%

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

(3) District records



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

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

<b>Employer</b>	<b>December 31, 2006</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
State Farm Insurance Company	1,398	1	6.95%
Newark City Schools	1,389	2	6.91%
Licking County Government	1,277	3	6.35%
Licking County Memorial Hospital	1,220	4	6.07%
Anomatic Corp.	1,145	5	5.70%
Owens Corning, Inc.	1,024	6	5.09%
OSU-N/COTC	660	7	3.28%
Longaberger, Inc.	505	8	2.51%
Park National Bank Corporation	500	9	2.49%
Newark City Government	485	10	2.41%
Total	9,603		47.77%
Total Employment within the City	20,101		

<b>Employer</b>	<b>December 31, 1997</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Owens Corning Fiberglas	1,870	1	9.86%
Newark Board of Education	1,283	2	6.77%
State Farm Insurance	1,257	3	6.63%
Licking Memorial Hospital	1,194	4	6.30%
Licking County	1,182	5	6.24%
Kelley Services	1,115	6	5.88%
Anomatic Corporation	959	7	5.06%
Central Ohio Technical College/OSU-Newark Branch	601	8	3.17%
Holophane	599	9	3.16%
Meijer, Inc.	587	10	3.10%
Total	10,647		56.16%
Total Employment within the City	18,957		

**Source:** City of Newark Income Tax Department

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

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

<u>Type</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Office - administrative	33.1	32.0	33.0	39.0	38.0
Professional - educational	484.2	480.2	506.4	520.4	499.0
Professional - other	24.7	22.2	23.8	20.8	20.8
Technical	40.4	38.8	35.8	22.9	22.3
Office - clerical	61.9	63.3	69.7	77.5	77.2
Craft & trade	11.0	11.0	12.0	12.0	12.0
Operative	33.5	35.1	33.8	30.8	32.8
Service worker/laborer	118.4	118.6	113.8	114.6	112.3
Total	<u>807.2</u>	<u>801.2</u>	<u>828.3</u>	<u>838.0</u>	<u>814.4</u>

<u>Function</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Instruction:					
Regular	334.3	333.9	369.7	357.9	356.5
Special	104.6	98.5	103.1	118.5	96.8
Vocational	13.0	13.0	15.0	15.0	16.0
Other	1.0	1.0	0.0	0.0	0.0
Support Services:					
Pupil	44.7	42.3	44.3	45.4	41.3
Instructional staff	88.9	88.4	78.3	75.7	76.9
Administration	52.8	52.8	54.8	56.9	57.8
Fiscal	8.1	8.0	8.1	9.0	9.0
Business	6.4	6.5	6.5	6.6	6.5
Operations and maintenance	59.4	59.8	60.7	61.2	63.1
Pupil transportation	46.4	46.4	41.1	38.6	40.1
Central	3.0	3.0	2.0	4.0	5.0
Other non-instructional services:					
Food service operations	37.4	40.0	37.3	37.6	37.5
Other non-instructional	5.2	5.5	4.7	8.9	5.2
Extracurricular activities	2.0	2.1	2.7	2.7	2.7
Total Governmental Activities	<u>807.2</u>	<u>801.2</u>	<u>828.3</u>	<u>838.0</u>	<u>814.4</u>

**Source:** School District records

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

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

<b>Function</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
<b>Instruction:</b>										
Regular and Special										
Enrollment (students)	6,716	6,756	6,868	6,978	6,973	6,985	7,222	7,395	7,433	7,594
Graduates	364	343	342	379	358	389	423	376	423	347
<b>Support services:</b>										
Board of education										
Regular meetings per year	12	11	11	12	12	11	12	11	11	11
Special meetings per year	8	12	12	12	9	19	14	6	18	5
Administration										
Student attendance rate	94.60%	94.50%	94.30%	94.30%	94.10%	93.60%	93.00%	93.40%	92.80%	92.60%
Fiscal										
Nonpayroll checks issued										
	3,835	4,433	4,724	4,903	5,059	5,563	6,323	6,673	6,992	6,934
Operations and maintenance										
Square footage maintained										
	5,403	5,403	5,782	5,782	5,782	5,782	5,782	5,782	5,782	5,782
Pupil transportation										
Avg. students transported daily										
	3,256	3,207	3,661	3,553	3,864	3,545	3,837	3,968	3,772	3,985
Food service operations										
Meals served to students	750,181	718,825	687,158	648,920	620,651	592,566	579,042	626,088	619,940	n/a

**Source:** District records

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

**CAPITAL ASSET STATISTICS  
LAST SIX FISCAL YEARS**

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003 (1)</u>	<u>2002</u>
Land	\$ 1,706,908	\$ 1,706,908	\$ 1,713,468	\$ 774,622	\$ 774,622	\$ 801,394
Land improvements	133,028	134,111	176,670	176,968	158,795	140,394
Buildings and improvements	4,632,149	5,348,085	5,798,231	5,691,531	6,305,152	6,858,984
Furniture, fixtures and equipment	1,584,682	1,589,540	1,203,641	1,591,234	1,753,042	3,464,335
Vehicles	1,758,447	1,601,981	1,327,627	1,246,020	1,184,183	1,215,216
Construction in progress	44,520,724	9,494,295	382,680	12,084	6,748	-
 Total Governmental Activities Capital Assets, net	 <u>\$54,335,938</u>	 <u>\$19,874,920</u>	 <u>\$10,602,317</u>	 <u>\$ 9,492,459</u>	 <u>\$10,182,542</u>	 <u>\$ 12,480,323</u>

**Source:** School District financial records.

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

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

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

**SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS**

	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Ben Franklin Elementary (1954)					
Square feet	38,632	38,632	38,632	38,632	38,632
Capacity (students)	309	309	309	309	309
Enrollment	297	296	265	272	274
Cherry Valley Elementary (1916)					
Square feet	30,160	30,160	30,160	30,160	30,160
Capacity (students)	241	241	241	241	241
Enrollment	346	370	293	287	286
Conrad Elementary (1905)					
Square feet	28,875	28,875	28,875	28,875	28,875
Capacity (students)	231	231	231	231	231
Enrollment	226	229	214	198	204
Hazelwood Elementary (1910)					
Square feet	(1)	(1)	23,036	23,036	23,036
Capacity (students)	(1)	(1)	184	184	184
Enrollment	(1)	(1)	223	233	231
John Clem Elementary (1958)					
Square feet	28,152	28,152	28,152	28,152	28,152
Capacity (students)	225	225	225	225	225
Enrollment	359	341	352	336	336
Kettering Elementary (1958)					
Square feet	17,021	17,021	17,021	17,021	17,021
Capacity (students)	136	136	136	136	136
Enrollment	288	282	279	277	261
Maholm Elementary (1954)					
Square feet	(2)	(2)	24,487	24,487	24,487
Capacity (students)	(2)	(2)	195	195	195
Enrollment	(2)	(2)	159	174	176
McGuffey Elementary (1958)					
Square feet	32,562	32,562	32,562	32,562	32,562
Capacity (students)	260	260	260	260	260
Enrollment	328	367	290	300	299
Miller Elementary (1969)					
Square feet	33,197	33,197	33,197	33,197	33,197
Capacity (students)	265	265	265	265	265
Enrollment	394	396	377	391	397
North Elementary (1928)					
Square feet	36,784	36,784	36,784	36,784	36,784
Capacity (students)	294	294	294	294	294
Enrollment	407	394	391	401	379
West Main Intermediate (1925)					
Square feet	54,330	54,330	54,330	54,330	54,330
Capacity (students)	434	434	434	434	434
Enrollment	422	423	424	387	406
Central Intermediate (1940)					
Square feet	43,961	43,961	43,961	43,961	43,961
Capacity (students)	352	352	352	352	352
Enrollment	312	317	372	382	370
Lincoln Middle School (1929)					
Square feet	56,959	56,959	56,959	56,959	56,959
Capacity (students)	455	455	455	455	455
Enrollment	370	362	230	264	257

- (Continued)

<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
38,632	38,632	38,632	38,632	38,632
309	309	309	309	309
255	273	278	304	301
30,160	30,160	30,160	30,160	30,160
241	241	241	241	241
302	321	309	343	329
28,875	28,875	28,875	28,875	28,875
231	231	231	231	231
226	229	213	258	259
23,036	23,036	23,036	23,036	23,036
184	184	184	184	184
230	222	222	200	212
28,152	28,152	28,152	28,152	28,152
225	225	225	225	225
318	348	366	372	392
17,021	17,021	17,021	17,021	17,021
136	136	136	136	136
280	285	279	308	301
24,487	24,487	24,487	24,487	24,487
195	195	195	195	195
163	156	162	162	160
32,562	32,562	32,562	32,562	32,562
260	260	260	260	260
288	309	317	313	330
33,197	33,197	33,197	33,197	33,197
265	265	265	265	265
378	389	408	432	382
36,784	36,784	36,784	36,784	36,784
294	294	294	294	294
378	367	345	388	361
54,330	54,330	54,330	54,330	54,330
434	434	434	434	434
411	426	440	415	429
43,961	43,961	43,961	43,961	43,961
352	352	352	352	352
358	366	362	378	409
56,959	56,959	56,959	56,959	56,959
455	455	455	455	455
260	294	289	298	331

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

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

	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Roosevelt Middle School (1929)					
Square feet	58,453	58,453	58,453	58,453	58,453
Capacity (students)	387	387	387	387	387
Enrollment	317	341	349	326	357
Wilson Middle School (1929)					
Square feet	55,525	55,525	55,525	55,525	55,525
Capacity (students)	367	367	367	367	367
Enrollment	427	375	395	390	410
High School (1961)					
Square feet	241,763	241,763	241,763	241,763	241,763
Capacity (students)	1,447	1,447	1,447	1,447	1,447
Enrollment	1,732	1,712	1,731	1,826	1,815
Administrative Service Center					
Square feet	19,000	19,000	19,000	19,000	19,000
Transportation and warehouse					
Square feet	21,400	21,400	21,400	21,400	21,400

**Source:** District records

**Note:** Year of original construction is in parentheses

(1) Hazelwood - closed end of 04-05 school year and sold November 2005

(2) Maholm - closed end of 04-05 school year and is leased to a sponsored community school during 05-06 school year



<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
58,453	58,453	58,453	58,453	58,453
387	387	387	387	387
368	353	387	393	397
55,525	55,525	55,525	55,525	55,525
367	367	367	367	367
431	411	407	440	427
241,763	241,763	241,763	241,763	241,763
1,447	1,447	1,447	1,447	1,447
1,827	1,959	2,043	2,151	2,131
19,000	19,000	19,000	19,000	19,000
21,400	21,400	21,400	21,400	21,400

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

OPERATING STATISTICS  
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Funds		Governmental Activities (2)		Enrollment	Percent Change
	Expenditures (1)	Cost per pupil	Expenses (1)	Cost per pupil		
2007	\$ 98,508,497	\$ 14,668	\$ 67,400,627	\$ 10,036	6,716	-0.59%
2006	73,515,461	10,882	67,140,683	9,938	6,756	-1.63%
2005	62,696,035	9,129	62,689,559	9,128	6,868	-1.58%
2004	58,024,935	8,315	59,245,964	8,490	6,978	0.07%
2003	54,145,777	7,765	55,329,393	7,935	6,973	-0.17%
2002	51,796,721	7,415	52,835,074	7,564	6,985	-3.28%
2001	47,620,711	6,594	n/a	n/a	7,222	-2.34%
2000	43,931,810	5,941	n/a	n/a	7,395	-0.51%
1999	45,282,087	6,092	n/a	n/a	7,433	-2.12%
1998	42,860,530	5,644	n/a	n/a	7,594	4.03%

**Source:** District records

(1) Debt Service totals have been excluded.

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

<b>Teaching Staff</b>	<b>Pupil/Teacher Ratio</b>	<b>Student Attendance Percentage</b>
428	15.69	94.60%
443	15.25	94.50%
493	13.93	94.30%
417	16.73	94.30%
429	16.25	94.10%
439	15.91	93.60%
434	16.64	93.00%
399	18.53	93.40%
427	17.41	92.80%
410	18.52	92.60%

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**Mary Taylor, CPA**  
Auditor of State

**NEWARK CITY SCHOOL DISTRICT**

**LICKING COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 6, 2008**