

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

**SUPPLEMENTAL REPORTS**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2006**

**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 and Grube, Inc., for the audit period July 1, 2005 through June 30, 2006. 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

March 1, 2007

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

TABLE OF CONTENTS

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

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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 unit, each major fund, and the aggregate remaining fund information of Newark City School District as of and for the fiscal year ended June 30, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Newark City School District's basic financial statements. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

*Julian & Grube, Inc.*

Julian & Grube, Inc.  
December 15, 2006

**NEWARK CITY SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(E) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(E) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
<b>Nutrition Cluster:</b>						
(A) (C) Food Donation	10.550	N/A	\$ -	\$ 188,675	\$ -	\$ 188,675
<b>Total Food Donation</b>			-	188,675	-	188,675
(A) (D) School Breakfast Program	10.553	044453-05PU-2005	67,388	-	67,388	-
(A) (D) School Breakfast Program	10.553	044453-05PU-2006	177,499	-	177,499	-
<b>Total School Breakfast Program</b>			244,887	-	244,887	-
(A) (D) National School Lunch Program	10.555	044453-LLP4-2005	253,373	-	253,373	-
(A) (D) National School Lunch Program	10.555	044453-LLP4-2006	665,639	-	665,639	-
(A) (D) National School Lunch Program	10.555	044453-VGS1-2005	4,048	-	4,048	-
<b>Total National School Lunch Program</b>			923,060	-	923,060	-
<b>Total U.S. Department of Agriculture and Nutrition Cluster</b>			1,167,947	188,675	1,167,947	188,675
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE N/A</b>						
(F) Title I Grants to Local Educational Agencies	84.010	044453-C1S1-2004	(1,125)	-	-	-
(G) Title I Grants to Local Educational Agencies	84.010	044453-C1S1-2005	308,471	-	405,985	-
(G) Title I Grants to Local Educational Agencies	84.010	044453-C1S1-2006	2,024,319	-	1,837,652	-
<b>Total Title I Grants to Local Educational Agencies</b>			2,331,665	-	2,243,637	-
<b>Special Education Cluster:</b>						
(M) Special Education Grants to States	84.027	044453-6BSD-2005	5,036	-	8,188	-
(M) Special Education Grants to States	84.027	044453-6BSD-2006	16,034	-	18,736	-
(H) Special Education Grants to States	84.027	044453-6BSF-2005	142,000	-	170,818	-
(H) Special Education Grants to States	84.027	044453-6BSF-2006	1,269,419	-	1,320,001	-
<b>Total Special Education Grants to States</b>			1,432,489	-	1,517,743	-
(M) Special Education Preschool Grants	84.173	044453-PGS1-2004	(474)	-	474	-
(M) Special Education Preschool Grants	84.173	044453-PGS1-2005	2,983	-	5,829	-
(M) Special Education Preschool Grants	84.173	044453-PGS1-2005	36,649	-	34,310	-
<b>Total Special Education Preschool Grants</b>			39,158	-	40,613	-
<b>Total Special Education Cluster</b>			1,471,647	-	1,558,356	-
(I) Safe and Drug-Free Schools and Communities State Grants	84.186	044453-DRS1-2005	5,775	-	16,953	-
(I) Safe and Drug-Free Schools and Communities State Grants	84.186	044453-DRS1-2006	42,859	-	43,183	-
<b>Total Safe and Drug-Free Schools and Communities State Grants</b>			48,634	-	60,136	-
(I) State Grants for Innovative Program	84.298	044453-C2S1-2005	7,919	-	10,895	-
(I) State Grants for Innovative Program	84.298	044453-C2s1-2006	21,735	-	21,271	-
<b>Total State Grants for Innovative Program</b>			29,654	-	32,166	-
(J) Education Technology State Grants	84.318	044453-TJS1-2005	(859)	-	4,172	-
(J) Education Technology State Grants	84.318	044453-TJS1-2006	41,161	-	42,776	-
<b>Total Educational Technology State Grants</b>			40,302	-	46,948	-
(K) Advanced Placement Program	84.330	AVS1-2001	400	-	400	-
(K) Comprehensive School Reform Demonstration	84.332	044453-RFCC-2005	43,342	-	67,881	-
(K) Comprehensive School Reform Demonstration	84.332	044453-RFCC-2006	186,572	-	165,303	-
<b>Total Comprehensive School Reform Demonstration</b>			229,914	-	233,184	-
(L) Improving Teacher Quality State Grants	84.367	044453-TRS1-2005	175,766	-	175,766	-
(L) Improving Teacher Quality State Grants	84.367	044453-TRS1-2006	383,229	-	306,449	-
<b>Total Improving Teacher Quality State Grants</b>			558,995	-	482,215	-
(L) Hurricane Education Recovery	84.938	044453-TRS1-2005	2,000	-	2,000	-
<b>Total U.S. Department of Education</b>			4,713,211	-	4,659,042	-
<b>U.S. DEPARTMENT OF HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES</b>						
State Children's Insurance Program	93.767	N/A	109,012	-	109,012	-
Medical Assistance Program	93.778	N/A	18,674	-	18,674	-
<b>Total U.S. Department of Human Services</b>			127,686	-	127,686	-
<b>Total Federal Financial Assistance</b>			\$ 6,008,844	\$ 188,675	\$ 5,954,675	\$ 188,675

- (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 \$1,125 transferred to the next grant year based on Ohio Department of Education administrative action.  
 (G) Amount of \$95,265 transferred to the next grant year based on Ohio Department of Education administrative action.  
 (H) Amount of \$14,416 transferred to the next grant year based on Ohio Department of Education administrative action.  
 (I) Amount of \$5,563 transferred to the next grant year based on Ohio Department of Education administrative action.  
 (J) Amount of \$7,086 transferred to the next grant year based on Ohio Department of Education administrative action.  
 (K) Amount of \$1,650 transferred to the next grant year based on Ohio Department of Education administrative action.  
 (L) Amount of \$13,749 transferred to the next grant year based on Ohio Department of Education administrative action.  
 (M) Monies refunded to the Ohio Department of Education due to the expiration of the period of availability.





**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 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 unit, each major fund, and the aggregate remaining fund information of Newark City School District (the "District") as of and for the fiscal year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Board of Education  
Newark City School District

Compliance and Other Matters

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

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

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

Julian & Grube, Inc.  
December 15, 2006



**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 Federal Program and on Internal Control Over  
Compliance in Accordance With *OMB Circular A-133***

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

Compliance

We have audited the compliance of Newark City School District (the “District”) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that are applicable to its major federal program for the fiscal year ended June 30, 2006. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Newark City School District’s management. Our responsibility is to express an opinion on Newark City School District’s compliance based on our audit.

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

Board of Education  
Newark City School District

In our opinion, Newark City School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2006.

Internal Control Over Compliance

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

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

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



Julian & Grube, Inc.  
December 15, 2006

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2006**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs:	Title I Grants to Local Educational Agencies CFDA #84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2006**

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT

OF THE

NEWARK CITY  
SCHOOL DISTRICT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2006

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

85 EAST MAIN STREET

NEWARK, OHIO 43055





**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

TABLE OF CONTENTS

**I. INTRODUCTORY SECTION**

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

**II. FINANCIAL SECTION**

INDEPENDENT AUDITOR’S REPORT .....	13-14
MANAGEMENT’S DISCUSSION AND ANALYSIS.....	15-26
<b>BASIC FINANCIAL STATEMENTS:</b>	
Government-Wide Financial Statements:	
Statement of Net Assets.....	27
Statement of Activities .....	28-29
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	30
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities .....	31
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	32-33
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	34
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non GAAP Budgetary Basis) - General Fund.....	35
Statement of Net Assets - Proprietary Fund .....	36
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Fund .....	37
Statement of Cash Flows - Proprietary Fund.....	38
Statement of Fiduciary Net Assets - Fiduciary Funds .....	39
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds .....	40
Notes to the Basic Financial Statements.....	41-74

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES:

Major Fund Descriptions .....	75
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
Debt Service Fund .....	76
Building Fund .....	76
Combining Balance Sheet - Nonmajor Governmental Funds .....	77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds .....	78
Fund Descriptions – Nonmajor Special Revenue Funds .....	79-81
Combining Balance Sheet - Nonmajor Special Revenue Funds .....	82-87
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds .....	88-93
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
Public School Support Fund .....	94
Miscellaneous Grants Fund .....	94
District Managed Student Activity Fund .....	94
Auxiliary Services Fund .....	95
Management Information Systems Fund .....	95
Entry Year Programs Fund .....	95
Data Communications Fund .....	96
SchoolNet Professional Development Fund .....	96
Ohio Reads Grant Fund .....	96
Student Intervention Fund .....	97
High Schools That Work Fund .....	97
Alternative Schools Fund .....	97
Poverty Aid Fund .....	98
Miscellaneous State Grants Fund .....	98
Title VI-B Fund .....	98
Title I Fund .....	99
Title VI Fund .....	99
Drug Free Schools Program Fund .....	99
EHA Preschool Grant Fund .....	100
Telecommunications Act Grant (“E-Rate”) Fund .....	100
Reducing Class Size Fund .....	100
Miscellaneous Federal Grants Fund .....	101
Food Service Fund .....	101
School Activity Trusts Fund .....	102
Staff Trusts Fund .....	102
Fund Descriptions – Nonmajor Capital Projects Fund .....	103
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
Permanent Improvement Fund .....	104
Fund Description – Internal Service Fund .....	105
Schedule of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Non-GAAP Budgetary Basis):	
Employee Benefits Self-Insurance Fund .....	106

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES – (Continued):

Fund Descriptions – Fiduciary Funds .....	107
Combining Statement of Fiduciary Net Assets – Private-Purpose Trust Funds .....	108
Combining Statement of Changes in Fiduciary Net Assets – Private-Purpose Trust Funds.....	109
Schedules of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Non-GAAP Budgetary Basis):	
Special Trusts Fund.....	110
Endowment Fund .....	110
Statement of Changes in Assets and Liabilities – Agency Fund .....	111
<b>III. STATISTICAL SECTION</b>	
Table of Contents.....	112
Net Assets by Component - Last Five Fiscal Years .....	113
Changes in Net Assets - Last Five Fiscal Years .....	114-115
Fund Balances, Governmental Funds - Last Ten Fiscal Years .....	116-117
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years .....	118-119
Assessed Valuation and Estimated Actual Value of Taxable Property - Last Ten Years.....	120-121
Direct and Overlapping Property Tax Rates – Last Ten Years .....	122
Principal Property Tax Payers – December 31, 2005 and December 31, 1999 .....	123
Property Tax Levies and Collections - Last Ten Calendar Years.....	124-125
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years .....	126
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years.....	127
Direct and Overlapping Governmental Activities Debt - As of June 30, 2006 .....	128
Legal Debt Margin Information – Last Ten Fiscal Years .....	129
Demographic and Economic Statistics – Last Ten Fiscal Years.....	130
Principal Employers – Current Year and Nine Years Ago .....	131
Staffing Statistics, Full Time Equivalents by Type and Function -Last Four Fiscal Years .....	132
Operating Indicators by Function - Last Ten Fiscal Years .....	133
Capital Asset Statistics - Last Six Fiscal Years .....	134
School Building Information - Last Ten Fiscal Years .....	135
Operating Statistics - Last Ten Fiscal Years.....	136-137

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Administrative Service Center  
85 East Main Street  
Newark, Ohio 43055  
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December 18, 2006

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

We are pleased to submit to you the eighth Comprehensive Annual Financial Report (CAFR) of the Newark City School District (the “District”). This CAFR 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, rests with District’s management. To the best of our knowledge and belief, this CAFR and the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

This CAFR is presented in three sections:

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

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

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

Management of the District is responsible for establishing and maintaining an internal control structure 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 control structure is 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.

State statute requires an annual audit by independent accountants. Julian & Grube, Inc. conducted the audit. The audit has been conducted in accordance with generally accepted auditing standards, generally accepted government auditing standards, and include a review of internal controls and test of compliance with Federal and State laws and regulations. The Independent Accountant’s Report is included in this CAFR.

As a part of the District's independent audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the school district has complied with applicable laws and regulations. The results of the District's independent audit for the fiscal year ended June 30, 2006, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

This transmittal letter is designed to provide historical information about the District, as well as compliment the required Management's Discussion and Analysis (discussed below). Unless noted otherwise, the financial data in this transmittal letter is presented on the modified accrual basis of accounting. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The District's MD&A, which focuses on the government-wide statements, begins on page 15 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 2005-2006 school year, the District had approximately 6,756 (Fall 2005) 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 1,843 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**

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

### **Budgetary Controls**

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

## **ECONOMIC CONDITION AND OUTLOOK**

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

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

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

Although the District had been impacted by the national recession in FY03 and FY04 regarding income tax, the District experienced a 5.3% increase in collections of income tax in FY05. We projected an increase for FY06 of 3%, but only captured a .5% increase. The first two quarterly installments of income tax revenue for FY07 is up 5.9% from the first two quarters of FY06.

### **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 improvements in the District's financial condition include the Board's approval of the placement of a 7.9 mill operating levy on the November 2006 ballot, and the closure of two elementary school buildings.

## **MAJOR INITIATIVES AND ACCOMPLISHMENTS**

### **Accomplishments for 2006**

#### ***Financial***

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

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

#### ***Instruction***

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

#### **Achievement Tests**

State and federal law requires testing students in grades 3 – 8 and grade 10 in various subjects.

During 2006 – 2007, 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	92.8%
Writing	91.8%
Math	87.4%
Science	84.2%
Social Studies	84.1%

**Initiatives for 2007**

***Financial***

To receive the Certificate of Excellence in Financial Reporting from the GFOA for the District's 2006 CAFR.

To receive the Award for Outstanding Achievement in Popular Annual Financial Reporting from the GFOA for the 2006 Popular Annual Financial Report.

***Instruction***

To regain 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 and African American students in reading and math

To maintain all reading indicators on the district report card and to achieve math indicators at 3<sup>rd</sup>, 5<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup>, and 8<sup>th</sup> grades

To improve the graduation rate to at least 80% (2004 – 05 rate: 74.8%)

**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, 2005.


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.

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)
Nathan Voris	Board Member (12/31/06 – 12/31/09)

**Administration**

Keith E. Richards	Superintendent – (Hired 8/1/02)
Julie Taylor	Treasurer – (Hired 8/8/05)
Dan Montgomery	Asst. Superintendent – (Hired 9/1/03)
Cara Riddel	Director, Certificated Personnel/Human Resources (Hired 8/26/91)
David C. Altepeter	Director, Classified Personnel/Support Services (Hired 7/8/96)
Dana Herreman	Director of Curriculum – (Hired 9/1/77)
Bobbie Reaves	Asst. Director of Curriculum – (Hired 8/1/06)
Jean Brown	Co-Director of Special Education – (Contracted Service Hired 8/1/06)
Mark Severance	Co-Director of Special Education – (Hired 7/31/92)
Karen Truett	Director, Community Outreach – (Hired 8/23/06)

# 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, 2005

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.



*Carla E. Perry*

President

*Jeffrey R. Emer*

Executive Director

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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

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 unit, each major fund, and the aggregate remaining fund information of the Newark City School District, Licking County, (the "District") as of and for the fiscal year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Newark City School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Newark City School District, Licking County, Ohio, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Independent Auditor's Report  
Newark City School District

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2006, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund statements 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.  
December 15, 2006



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
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, 2006. 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 2006 are as follows:

- In total, net assets of governmental activities decreased \$1,244,554 which represents a 7.60% decrease from 2005.
- General revenues accounted for \$55,435,589 in revenue or 84.13% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$10,307,529 or 15.64% of total revenues of \$65,896,129, which also includes a \$153,011 special item for gain on sale of capital assets.
- The District had \$67,140,683 in expenses related to governmental activities; only \$10,307,529 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 \$55,435,589 were not adequate to provide for these programs.
- The District's major governmental funds include the general fund, debt service fund and building fund. The general fund had \$47,966,255 in revenues and other financing sources and \$52,167,223 in expenditures and other financing uses. During fiscal 2006, the general fund's fund balance decreased \$4,200,968 from \$8,425,524 to \$4,224,556.
- The debt service fund had \$10,797,442 in revenues and other financing sources and \$10,496,538 in expenditures and other financing uses. During fiscal year 2006, the debt service fund's fund balance increased by \$300,904 from \$2,820,860 to \$3,121,764
- The building fund had \$21,748,831 in revenues and other financing sources and \$9,456,031 in expenditures. During fiscal year 2006, the building fund's fund balance increased from \$49,521,807 to \$61,814,607.

**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, 2006  
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 2006?" 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 27-29 of this report.

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

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 22. Fund financial reports provide detailed information about the District's major fund. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant fund. The District's major funds are the general fund, debt service fund and building fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 30-34 and the budgetary statement for the general fund can be found on page 35.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
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 36-38 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 39 and 40. 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 41 - 74 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	
	2006	2005
<b><u>Assets</u></b>		
Current assets	\$ 105,139,177	\$ 90,127,557
Capital assets, net	19,874,920	10,602,317
Total assets	125,014,097	100,729,874
<b><u>Liabilities</u></b>		
Current liabilities	31,356,760	25,141,953
Long-term liabilities	78,524,261	59,210,291
Total liabilities	109,881,021	84,352,244
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	13,103,344	9,955,146
Restricted	5,406,107	5,060,101
Unrestricted (deficit)	(3,376,375)	1,362,383
Total net assets	\$ 15,133,076	\$ 16,377,630

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2006, the District's assets exceeded liabilities by \$15,133,076.

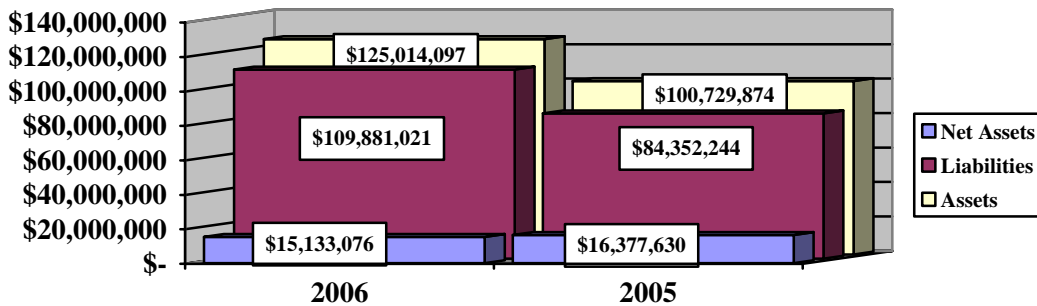
**NEWARK CITY SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED**

At year-end, capital assets represented 15.90% 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, 2006, were \$13,103,344. 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, \$5,406,107, 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 \$3,376,375. The table below illustrates the District's assets, liabilities and net assets at June 30, 2006 and 2005.

**Governmental Activities**



The table below shows the changes in net assets for governmental activities for fiscal year 2006 compared to fiscal year 2005.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED

	<u>2006</u>	<u>2005</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 1,977,935	\$ 1,875,567
Operating grants and contributions	8,329,594	7,615,688
General revenues:		
Property taxes	19,236,671	18,021,274
School district income taxes	6,865,451	6,954,810
Grants and entitlements	26,074,935	25,913,567
Investment earnings	3,197,642	983,403
Other	<u>60,890</u>	<u>41,841</u>
Total revenues	<u>65,743,118</u>	<u>61,406,150</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	28,553,388	28,662,755
Special	7,431,992	6,847,032
Vocational	1,087,737	1,089,735
Other	194,920	13,059
Support services:		
Pupil	2,901,350	2,847,301
Instructional staff	4,734,810	3,898,544
Board of Education	345,371	341,420
Administration	3,910,074	3,945,441
Fiscal	1,105,748	1,008,723
Business	582,607	523,402
Operations and maintenance	5,174,107	5,171,450
Pupil transportation	2,565,336	2,345,807
Central	944,617	881,931
Operation of non-instructional services:		
Food service operations	2,604,010	2,353,651
Other non-instructional services	232,141	149,780
Extracurricular activities	1,071,732	900,135
Intergovernmental pass through	629,679	567,254
Interest and fiscal charges	<u>3,071,064</u>	<u>1,142,139</u>
Total expenses	<u>67,140,683</u>	<u>62,689,559</u>
Special Item - Gain on sale of building	153,011	-
Changes in net assets	(1,244,554)	(1,283,409)
Net assets at beginning of year	<u>16,377,630</u>	<u>17,661,039</u>
Net assets at end of year	<u>\$ 15,133,076</u>	<u>\$ 16,377,630</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED

**Governmental Activities**

Net assets of the District's governmental activities decreased \$1,244,554. Total governmental expenses of \$67,140,683 were offset by program revenues of \$10,307,529, general revenues of \$55,435,589, and a special item of \$153,011. Program revenues supported 15.35% of the total governmental expenses.

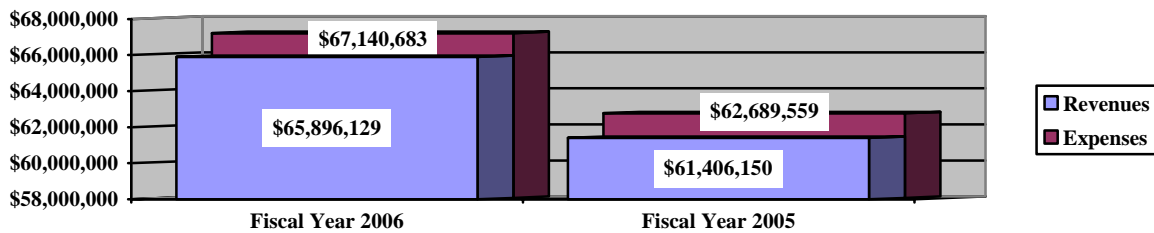
The primary sources of revenue for governmental activities are derived from property taxes, school district income taxes, and grants and entitlements. These three sources of revenue total \$52,177,057 and represent 79.18% of total governmental revenue. Real estate property is reappraised every six years. 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 November of 2002, the District should have adequate funds for its operations through at least fiscal year 2007.

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

**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 2006 compared to 2005. 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, 2006  
UNAUDITED

	<b>Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2006</u>	<u>2006</u>	<u>2005</u>	<u>2005</u>
Program expenses:				
Instruction:				
Regular	\$ 28,553,388	\$ 26,859,101	\$ 28,662,755	\$ 27,302,361
Special	7,431,992	4,948,717	6,847,032	4,275,825
Vocational	1,087,737	1,087,737	1,089,735	1,089,735
Other	194,920	194,920	13,059	13,059
Support services:				
Pupil	2,901,350	2,815,145	2,847,301	2,761,924
Instructional staff	4,734,810	2,781,605	3,898,544	2,659,188
Board of Education	345,371	345,371	341,420	341,420
Administration	3,910,074	3,592,812	3,945,441	3,660,389
Fiscal	1,105,748	1,065,765	1,008,723	969,013
Business	582,607	582,607	523,402	523,402
Operations and maintenance	5,174,107	5,166,878	5,171,450	5,117,575
Pupil transportation	2,565,336	2,526,042	2,345,807	2,295,647
Central	944,617	677,913	881,931	623,111
Operation of non-instructional services:				
Non-instructional services	232,141	130,896	149,780	(19,298)
Food service operations	2,604,010	133,207	2,353,651	(151,331)
Extracurricular activities	1,071,732	795,406	900,135	630,959
Intergovernmental pass through	629,679	57,968	567,254	(36,814)
Interest and fiscal charges	3,071,064	3,071,064	1,142,139	1,142,139
Total expenses	<u>\$ 67,140,683</u>	<u>\$ 56,833,154</u>	<u>\$ 62,689,559</u>	<u>\$ 53,198,304</u>

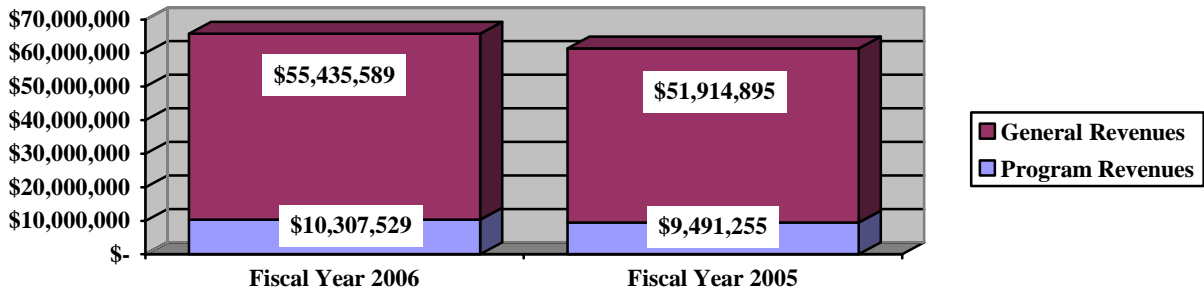
The dependence upon tax and other general revenues for governmental activities is apparent, 88.79% of instruction activities, which total \$37,268,037, are supported through taxes and other general revenues. For all governmental activities, general revenue support is 84.65%. The District's taxpayers, as a whole, are by far the primary support for the District's students.

The graph below presents the District's general and program revenues for fiscal years 2006 and 2005.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 30) reported a combined fund balance of \$70,900,091, which is greater than last year's total of \$63,008,691. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2006 and 2005.

	<u>Fund Balance</u> <u>June 30, 2006</u>	<u>Fund Balance</u> <u>June 30, 2005</u>	<u>Increase</u> <u>(Decrease)</u>
General	\$ 4,224,556	\$ 8,425,524	\$ (4,200,968)
Debt Service	3,121,764	2,820,860	300,904
Building	61,814,607	49,521,807	12,292,800
Other Governmental	<u>1,739,164</u>	<u>2,240,500</u>	<u>(501,336)</u>
Total	<u>\$ 70,900,091</u>	<u>\$ 63,008,691</u>	<u>\$ 7,891,400</u>

**General Fund**

The District's general fund balance decreased \$4,200,968. The decrease in fund balance can be attributed to the expenditure growth rate exceeding revenue growth. Specifically the District's budget is 85% personnel related. Over the past several years the District's health insurance plan has increased 9% annually, however did not increase during the current fiscal year. 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, 2006  
UNAUDITED

	<u>2006</u>	<u>2005</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 23,642,042	\$ 20,607,877	14.72 %
Tuition	433,518	314,139	38.00 %
Earnings on investments	760,213	420,228	80.90 %
Intergovernmental	22,845,430	25,406,940	(10.08) %
Other revenues	<u>267,507</u>	<u>268,530</u>	(0.38) %
Total	<u>\$ 47,948,710</u>	<u>\$ 47,017,714</u>	1.98 %
<b><u>Expenditures</u></b>			
Instruction	\$ 32,544,615	\$ 32,082,500	1.44 %
Support services	18,732,943	17,858,272	4.90 %
Operation of non-instructional services	1,115	3,272	(65.92) %
Extracurricular activities	726,759	626,555	15.99 %
Debt service	<u>116,791</u>	<u>155,721</u>	(25.00) %
Total	<u>\$ 52,122,223</u>	<u>\$ 50,726,320</u>	2.75 %

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

Overall, total revenues remained consistent with the previous year. In total, the overall increase in expenditures was not significant in the general fund.

***Debt Service Fund***

The District's debt service fund balance increased \$300,904. 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 repayment of bonds issued for school facilities construction and renovation.

***Building Fund***

The District's building fund balance increased \$12,292,800. Bonds issued during the year were receipted into the building fund and expenditures related to the renovation and construction projects will be recorded in this fund.

***General Fund Budgeting Highlights***

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

During the course of fiscal 2006, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues and other financing sources were \$48,638,450, which approximates the original budgeted revenues and other financing sources estimate of \$47,778,836. Actual revenues and other financing sources for fiscal 2006 were \$49,003,272. Actual revenues and other financing sources were \$364,822 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, 2006  
UNAUDITED

General fund original appropriations (appropriated expenditures plus other financing uses) of \$53,624,785 were increased to \$53,975,786 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2006 totaled \$52,661,186, which was \$1,314,600 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 2006, the District had \$19,874,920 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 2006 balances compared to 2005:

	<b>Capital Assets at June 30</b>	
	<b>(Net of Depreciation)</b>	
	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Land	\$ 1,706,908	\$ 1,713,468
Land improvements	134,111	176,670
Building and improvements	5,348,085	5,798,231
Furniture and equipment	1,589,540	1,203,641
Vehicles	1,601,981	1,327,627
Construction in progress	<u>9,494,295</u>	<u>382,680</u>
<b>Total</b>	<u><u>\$ 19,874,920</u></u>	<u><u>\$ 10,602,317</u></u>

Total additions to capital assets for 2006 were \$10,852,806, and total disposals were \$225,165 (net of accumulated depreciation). Depreciation recorded for the fiscal year totaled \$1,355,038. The overall increase in capital assets of \$9,272,603 is primarily due to the District's acquisition of construction of new buildings and renovations of existing buildings using the school improvement bonds issued in the current year and previous fiscal year.

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

*Debt Administration*

At June 30, 2006, the District had \$74,713,333 in general obligation bonds and \$387,270 in capital lease obligations outstanding. Of this total, \$1,485,364 is due within one year and \$73,615,239 is due within greater than one year. The following table summarizes the bonds and lease obligations outstanding at June 30, 2006 and 2005.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED

**Outstanding Debt, at Year End**

	Governmental Activities <u>2005</u>	Governmental Activities <u>2004</u>
General obligation bonds:		
Library improvement	\$ 6,193,333	\$ 6,231,826
School improvement	68,520,000	50,000,000
Capital lease obligations	<u>387,270</u>	<u>141,349</u>
Total	<u>\$ 75,100,603</u>	<u>\$ 56,373,175</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%.

At June 30, 2006, the District's overall legal debt margin was \$2,987,769 with an unvoted debt margin of 828,659. The District maintains an A-1 bond rating.

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

**Economic Conditions and Outlook**

As the preceding information shows, the District relies heavily upon grants and entitlements, property taxes and school district income taxes. The current tax revenue, along with the District's cash balance, will provide the District with the necessary funds to meet its operating expenses in fiscal year 2006. The District cash balance will be depleted by the end of fiscal year 2007. 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 is up for renewal in November 2007.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED**

**Contacting the District's Financial Management**

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

**BASIC  
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS  
JUNE 30, 2006

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Newark Digital Academy</u>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . .	\$ 26,161,794	\$ 151,369
Investments . . . . .	50,858,599	-
Receivables:		
Property taxes . . . . .	22,879,973	-
School district income taxes . . . . .	2,544,577	-
Accounts . . . . .	21,067	-
Intergovernmental . . . . .	1,388,137	-
Accrued interest . . . . .	862,473	-
Prepayments . . . . .	40,951	300
Materials and supplies inventory . . . . .	20,948	-
Unamortized bond issuance costs . . . . .	360,658	-
Capital assets:		
Land and construction-in-progress. . . . .	11,201,203	-
Depreciable capital assets, net . . . . .	8,673,717	124,007
Total capital assets, net . . . . .	<u>19,874,920</u>	<u>124,007</u>
Total assets. . . . .	<u>125,014,097</u>	<u>275,676</u>
<b>Liabilities:</b>		
Accounts payable. . . . .	315,798	69,192
Contracts payable. . . . .	2,291,300	-
Accrued wages and benefits . . . . .	5,297,700	5,602
Pension obligation payable. . . . .	1,495,320	-
Intergovernmental payable . . . . .	333,760	3,780
Deferred revenue . . . . .	21,281,204	-
Accrued interest payable . . . . .	279,585	-
Claims payable . . . . .	62,093	-
Long-term liabilities:		
Due within one year. . . . .	2,122,102	-
Due in more than one year . . . . .	<u>76,402,159</u>	<u>-</u>
Total liabilities . . . . .	<u>109,881,021</u>	<u>78,574</u>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt. . . . .	13,103,344	124,007
Restricted for:		
Capital projects . . . . .	933,181	-
Debt service. . . . .	2,925,740	-
Locally funded progams. . . . .	70,050	-
State funded progams . . . . .	111,440	-
Federally funded progams. . . . .	926,996	-
Student activities. . . . .	84,566	-
Public school support . . . . .	89,709	-
Other purposes . . . . .	264,425	-
Unrestricted (deficit) . . . . .	<u>(3,376,375)</u>	<u>73,095</u>
Total net assets . . . . .	<u>\$ 15,133,076</u>	<u>\$ 197,102</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, 2006

	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Assets Primary Government</b>
<b>Expenses</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>	
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 28,553,388	\$ 504,724	\$ 1,189,563	\$ (26,859,101)
Special . . . . .	7,431,992	-	2,483,275	(4,948,717)
Vocational . . . . .	1,087,737	-	-	(1,087,737)
Other . . . . .	194,920	-	-	(194,920)
Support services:				
Pupil . . . . .	2,901,350	-	86,205	(2,815,145)
Instructional staff . . . . .	4,734,810	-	1,953,205	(2,781,605)
Board of education. . . . .	345,371	-	-	(345,371)
Administration. . . . .	3,910,074	-	317,262	(3,592,812)
Fiscal. . . . .	1,105,748	23,031	16,952	(1,065,765)
Business. . . . .	582,607	-	-	(582,607)
Operations and maintenance . . . . .	5,174,107	6,103	1,126	(5,166,878)
Pupil transportation. . . . .	2,565,336	31,583	7,711	(2,526,042)
Central . . . . .	944,617	-	266,704	(677,913)
Operation of non-instructional services:				
Food service operations . . . . .	2,604,010	1,167,613	1,303,190	(133,207)
Other non-instructional services. . . . .	232,141	1,853	99,392	(130,896)
Extracurricular activities. . . . .	1,071,732	243,028	33,298	(795,406)
Intergovernmental pass through . . . . .	629,679	-	571,711	(57,968)
Interest and fiscal charges . . . . .	3,071,064	-	-	(3,071,064)
<b>Totals . . . . .</b>	<b>\$ 67,140,683</b>	<b>\$ 1,977,935</b>	<b>\$ 8,329,594</b>	<b>(56,833,154)</b>
<b>Component Unit:</b>				
Newark Digital Academy . . . . .	\$ 476,175	\$ -	\$ 215,858	-
<b>Total component unit . . . . .</b>	<b>\$ 476,175</b>	<b>\$ -</b>	<b>\$ 215,858</b>	<b>-</b>
<b>General Revenues:</b>				
Property taxes levied for:				
General purposes . . . . .				13,703,475
Debt service. . . . .				4,139,536
Capital outlay . . . . .				1,393,660
School district income taxes . . . . .				6,865,451
Grants and entitlements not restricted to specific programs . . . . .				26,074,935
Investment earnings . . . . .				3,197,642
Miscellaneous . . . . .				60,890
<b>Total general revenues . . . . .</b>				<b>55,435,589</b>
<b>Special Item:</b>				
Gain on sale of building . . . . .				153,011
<b>Total general revenues and special item. . . . .</b>				<b>55,588,600</b>
Change in net assets . . . . .				(1,244,554)
<b>Net assets at beginning of year . . . . .</b>				<b>16,377,630</b>
<b>Net assets at end of year . . . . .</b>				<b>\$ 15,133,076</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS





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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2006

	<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 . . . . .	\$ 7,109,471	\$ 2,874,661	\$ 13,226,506	\$ 2,467,017	\$ 25,677,655
Investments . . . . .	-	-	50,858,599	-	50,858,599
Receivables:					
Property taxes . . . . .	16,456,052	4,798,893	-	1,625,028	22,879,973
School district income tax . . . . .	2,544,577	-	-	-	2,544,577
Accounts . . . . .	20,709	-	-	358	21,067
Intergovernmental . . . . .	-	-	-	1,388,137	1,388,137
Accrued interest . . . . .	69,847	-	792,626	-	862,473
Interfund loans . . . . .	167,297	-	-	-	167,297
Prepayments . . . . .	39,985	-	-	966	40,951
Materials and supplies inventory . . . . .	-	-	-	20,948	20,948
Restricted assets:					
Equity in pooled cash and cash equivalents . . . . .	264,425	-	-	-	264,425
Total assets . . . . .	<u>\$ 26,672,363</u>	<u>\$ 7,673,554</u>	<u>\$ 64,877,731</u>	<u>\$ 5,502,454</u>	<u>\$ 104,726,102</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 138,068	\$ -	\$ -	\$ 177,730	\$ 315,798
Contracts payable . . . . .	-	-	2,291,300	-	2,291,300
Accrued wages and benefits . . . . .	4,728,220	-	-	569,480	5,297,700
Compensated absences payable . . . . .	406,630	-	-	13,609	420,239
Pension obligation payable. . . . .	1,270,468	-	-	224,852	1,495,320
Intergovernmental payable . . . . .	300,907	2,701	7	30,145	333,760
Interfund loan payable . . . . .	-	-	-	167,297	167,297
Deferred revenue . . . . .	15,603,514	4,549,089	771,817	2,580,177	23,504,597
Total liabilities . . . . .	<u>22,447,807</u>	<u>4,551,790</u>	<u>3,063,124</u>	<u>3,763,290</u>	<u>33,826,011</u>
<b>Fund Balances:</b>					
Reserved for encumbrances . . . . .	426,352	-	36,797,492	583,719	37,807,563
Reserved for debt service . . . . .	-	2,927,364	-	-	2,927,364
Reserved for BWC refunds. . . . .	264,425	-	-	-	264,425
Reserved for materials and supplies inventory. . . . .	-	-	-	20,948	20,948
Reserved for property tax unavailable for appropriation . . . . .	653,400	194,400	-	62,200	910,000
Reserved for prepayments . . . . .	39,985	-	-	966	40,951
Unreserved:					
Designated for budget stabilization. . . . .	669,981	-	-	-	669,981
Undesignated, reported in:					
General fund . . . . .	2,170,413	-	-	-	2,170,413
Special revenue funds. . . . .	-	-	-	322,777	322,777
Capital projects funds. . . . .	-	-	25,017,115	748,554	25,765,669
Total fund balances . . . . .	<u>4,224,556</u>	<u>3,121,764</u>	<u>61,814,607</u>	<u>1,739,164</u>	<u>70,900,091</u>
Total liabilities and fund balances . . . . .	<u>\$ 26,672,363</u>	<u>\$ 7,673,554</u>	<u>\$ 64,877,731</u>	<u>\$ 5,502,454</u>	<u>\$ 104,726,102</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, 2006

<b>Total governmental fund balances</b>		\$	70,900,091
<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.			19,874,920
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	350,296	
Intergovernmental revenue		1,044,352	
Accrued interest		827,581	
Accounts		1,164	
Total			2,223,393
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.			157,621
Unamortized deferred charges are not recognized in the funds.			195,371
Unamortized bond issuance costs are not recognized in the funds.			360,658
Unamortized premiums on bond issuances are not recognized in the funds.			(1,080,810)
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.			(279,585)
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		(74,713,333)	
Compensated absences		(2,117,980)	
Capital lease obligation		(387,270)	
Total			(77,218,583)
<b>Net assets of governmental activities</b>		<b>\$</b>	<b>15,133,076</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, 2006

	<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 . . . . .	\$ 23,642,042	\$ 4,202,132	\$ -	\$ 1,412,945	\$ 29,257,119
Tuition. . . . .	433,518	-	-	-	433,518
Transportation fees . . . . .	31,583	-	-	-	31,583
Charges for services . . . . .	-	-	-	1,167,738	1,167,738
Earnings on investments. . . . .	760,213	-	1,748,831	8,442	2,517,486
Extracurricular. . . . .	-	-	-	244,881	244,881
Classroom materials and fees . . . . .	107,197	-	-	-	107,197
Other local revenues. . . . .	128,727	4,118	-	119,284	252,129
Intergovernmental - intermediate. . . . .	-	-	-	16,300	16,300
Intergovernmental - state . . . . .	22,717,744	518,573	-	2,014,162	25,250,479
Intergovernmental - federal . . . . .	127,686	-	-	5,832,466	5,960,152
Total revenues. . . . .	<u>47,948,710</u>	<u>4,724,823</u>	<u>1,748,831</u>	<u>10,816,218</u>	<u>65,238,582</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	26,478,343	-	-	1,496,661	27,975,004
Special. . . . .	4,806,980	-	-	2,623,250	7,430,230
Vocational. . . . .	1,072,877	-	-	-	1,072,877
Other . . . . .	186,415	-	-	-	186,415
Support Services:					
Pupil. . . . .	2,777,584	-	-	78,377	2,855,961
Instructional staff . . . . .	2,756,390	-	-	1,846,481	4,602,871
Board of education . . . . .	345,371	-	-	-	345,371
Administration . . . . .	3,518,001	-	-	323,840	3,841,841
Fiscal . . . . .	927,575	77,684	-	86,153	1,091,412
Business. . . . .	527,165	-	-	50,868	578,033
Operations and maintenance . . . . .	4,962,918	-	-	192,514	5,155,432
Pupil transportation . . . . .	2,307,188	-	-	425,723	2,732,911
Central. . . . .	610,751	-	-	309,140	919,891
Operation of non-instructional services:					
Food service operations. . . . .	-	-	-	2,613,723	2,613,723
Other non-instructional services. . . . .	1,115	-	-	51,732	52,847
Extracurricular activities . . . . .	726,759	-	-	317,922	1,044,681
Intergovernmental pass through . . . . .	-	-	-	629,679	629,679
Facilities acquisition and construction. . . . .	-	-	9,456,031	521,842	9,977,873
Capital outlay . . . . .	-	-	-	408,409	408,409
Debt service:					
Principal retirement . . . . .	114,253	1,526,826	-	48,235	1,689,314
Interest and fiscal charges . . . . .	2,538	2,908,856	-	3,650	2,915,044
Bond issuance costs. . . . .	-	367,892	-	-	367,892
Total expenditures . . . . .	<u>52,122,223</u>	<u>4,881,258</u>	<u>9,456,031</u>	<u>12,028,199</u>	<u>78,487,711</u>
Excess of revenues under expenditures . . . . .	<u>(4,173,513)</u>	<u>(156,435)</u>	<u>(7,707,200)</u>	<u>(1,211,981)</u>	<u>(13,249,129)</u>

- (Continued)

**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, 2006 (Continued)

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Other financing sources (uses):</b>					
Transfers in . . . . .	\$ -	\$ -	\$ -	\$ 45,000	\$ 45,000
Transfers (out) . . . . .	(45,000)	-	-	-	(45,000)
Payment to refunded bond escrow . . . . .	-	(5,615,280)	-	-	(5,615,280)
Bond issuance . . . . .	-	5,414,998	20,000,000	-	25,414,998
Premium on bond issuance . . . . .	-	657,621	-	-	657,621
Capital lease transaction . . . . .	-	-	-	408,409	408,409
Sale of capital assets . . . . .	17,545	-	-	-	17,545
Total other financing sources (uses) . . . . .	<u>(27,455)</u>	<u>457,339</u>	<u>20,000,000</u>	<u>453,409</u>	<u>20,883,293</u>
<b>Special Item:</b>					
Sale of building . . . . .	-	-	-	250,000	250,000
Net change in fund balances . . . . .	(4,200,968)	300,904	12,292,800	(508,572)	7,884,164
<b>Fund balances at beginning of year . . . . .</b>	8,425,524	2,820,860	49,521,807	2,240,500	63,008,691
<b>Increase in reserve for inventory . . . . .</b>	-	-	-	7,236	7,236
<b>Fund balances at end of year . . . . .</b>	<u>\$ 4,224,556</u>	<u>\$ 3,121,764</u>	<u>\$ 61,814,607</u>	<u>\$ 1,739,164</u>	<u>\$ 70,900,091</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, 2006

**Net change in fund balances - total governmental funds** \$ 7,884,164

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets 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	\$ 10,852,806	
Current year depreciation	<u>(1,355,038)</u>	
Total		9,497,768

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.

(225,165)

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

Delinquent property taxes	(630,524)	
Intergovernmental	504,874	
Accrued interest	680,156	
Accounts receivable	<u>(49,970)</u>	
Total		504,536

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

7,236

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.

7,104,314

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:

Increase in accrued interest payable	(168,646)	
Accreted interest on "capital appreciation" bonds	(8,335)	
Bond issuance costs incurred in the fiscal year	367,892	
Amortization of bond issuance costs	(7,234)	
Premium on bonds issued in the fiscal year	(657,621)	
Amortization on bond premiums	33,104	
Deferred charge on refunding incurred in fiscal year	200,282	
Amortization of deferred charge on refunding	<u>(4,911)</u>	
Total		(245,469)

The issuance of bonds and capital lease transactions are recorded as 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.

(25,823,407)

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

(843)

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.

52,312

**Change in net assets of governmental activities** \$ (1,244,554)

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, 2006

	<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 . . . . .	\$ 21,533,566	\$ 21,824,661	\$ 21,989,084	\$ 164,423
Tuition . . . . .	424,291	430,026	433,266	3,240
Transportation fees . . . . .	31,178	31,600	31,838	238
Earnings on investments . . . . .	714,662	724,323	729,780	5,457
Extracurricular . . . . .	247	250	252	2
Classroom materials and fees. . . . .	104,711	106,126	106,926	800
Other local revenue. . . . .	125,832	127,533	128,494	961
Intergovernmental-state . . . . .	24,719,308	25,053,471	25,242,217	188,746
Intergovernmental-federal . . . . .	125,041	126,731	127,686	955
Total revenues . . . . .	<u>47,778,836</u>	<u>48,424,721</u>	<u>48,789,543</u>	<u>364,822</u>
<b>Expenditures:</b>				
Salaries and wages . . . . .	34,069,016	34,279,800	33,659,883	619,917
Fringe benefits . . . . .	10,389,040	10,453,316	10,123,937	329,379
Purchased services . . . . .	5,813,849	5,849,819	5,702,041	147,778
Supplies and materials . . . . .	2,301,586	2,315,826	2,194,085	121,741
Capital outlay . . . . .	42,817	43,082	35,285	7,797
Other . . . . .	767,404	772,152	583,691	188,461
Debt service. . . . .	116,073	116,791	116,791	-
Total expenditures . . . . .	<u>53,499,785</u>	<u>53,830,786</u>	<u>52,415,713</u>	<u>1,415,073</u>
Excess of revenues over (under) expenditures . . . . .	<u>(5,720,949)</u>	<u>(5,406,065)</u>	<u>(3,626,170)</u>	<u>1,779,895</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditures . . . . .	-	12,013	12,013	-
Sale of capital assets . . . . .	-	17,545	17,545	-
Other miscellaneous use of funds . . . . .	-	-	(4,366)	(4,366)
Transfer in . . . . .	-	53,810	53,810	-
Transfers (out) . . . . .	(125,000)	(145,000)	(98,810)	46,190
Advances in . . . . .	-	130,361	130,361	-
Advances (out). . . . .	-	-	(142,297)	(142,297)
Total other financing sources (uses) . . . . .	<u>(125,000)</u>	<u>68,729</u>	<u>(31,744)</u>	<u>(100,473)</u>
Net change in fund balance. . . . .	(5,845,949)	(5,337,336)	(3,657,914)	1,679,422
<b>Fund balance at beginning of year . . . . .</b>	<b>9,880,181</b>	<b>9,880,181</b>	<b>9,880,181</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>543,734</b>	<b>543,734</b>	<b>543,734</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 4,577,966</u></b>	<b><u>\$ 5,086,579</u></b>	<b><u>\$ 6,766,001</u></b>	<b><u>\$ 1,679,422</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, 2006

	<u><b>Governmental Activities - Internal Service Fund</b></u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 219,714
Total assets. . . . .	<u>219,714</u>
<b>Liabilities:</b>	
Claims payable . . . . .	<u>62,093</u>
Total liabilities . . . . .	<u>62,093</u>
<b>Net assets:</b>	
Unrestricted. . . . .	<u>157,621</u>
Total net assets . . . . .	<u><u>\$ 157,621</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, 2006

	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating revenues:</b>	
Charges for services. . . . .	\$ 551,750
Total operating revenues . . . . .	<u>551,750</u>
<b>Operating expenses:</b>	
Purchased services. . . . .	16,179
Claims . . . . .	<u>483,259</u>
Total operating expenses . . . . .	<u>499,438</u>
Operating income and change in net assets .	52,312
<b>Net assets at beginning of year . . . . .</b>	<u>105,309</u>
<b>Net assets at end of year. . . . .</b>	<u><u>\$ 157,621</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, 2006

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash receipts from charges for services . . . . .	\$ 551,750
Cash payments for purchased services . . . . .	(16,179)
Cash payments for claims . . . . .	<u>(482,293)</u>
Net cash provided by operating activities . . . . .	53,278
<b>Cash and cash equivalents at beginning of year . . .</b>	<u>166,436</u>
<b>Cash and cash equivalents at end of year. . . . .</b>	<u><u>\$ 219,714</u></u>
 <b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income . . . . .	\$ 52,312
Changes in assets and liabilities:	
Increase in claims payable . . . . .	<u>966</u>
Net cash provided by operating activities . . . . .	<u><u>\$ 53,278</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, 2006

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 55,094	\$ 62,613
Total assets. . . . .	<u>55,094</u>	<u>62,613</u>
<b>Liabilities:</b>		
Due to students . . . . .	-	\$ 62,613
Total liabilities . . . . .	<u>-</u>	<u>62,613</u>
<b>Net Assets:</b>		
Held in trust for scholarships . . . . .	<u>55,094</u>	
Total net assets . . . . .	<u>\$ 55,094</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 2,180
Gifts and contributions. . . . .	1,000
	3,180
Total additions. . . . .	3,180
<b>Deductions:</b>	
Scholarships awarded . . . . .	3,702
	(522)
Change in net assets . . . . .	(522)
<b>Net assets at beginning of year . . . . .</b>	<b>55,616</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 55,094</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**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 402 non-certified employees, 577 certified employees and 38 administrators, to provide services to approximately 6,756 students in grades K through 12. The District ranks as the 43<sup>rd</sup> largest by total enrollment among the 613 public school districts in the state.

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

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

**A. Reporting Entity**

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organizations' government board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access to 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, 2006**

**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 with 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 with 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. Par Ex has not been disclosed in the basic financial statements of the District due to the immateriality of Par Ex. 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 component unit can be found in Note 19 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 \$385,112 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, 2006

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

Licking County Joint Vocational School (JVS)

The JVS is a distinct political subdivision of the State of Ohio, which provides vocational education for students. The JVS is operated under the direction of a Board consisting of three representatives from the Licking County Educational Service Center, two representatives from Newark City Schools, one representative from the Heath City Schools, and one representative from the Granville Exempted Village Schools elected boards. The JVS possesses its own budgeting and taxing authority.

*PUBLIC ENTITY RISK POOL*

Workers' Compensation Group Rating Program

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

Ohio Schools Risk Sharing Authority

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

*RELATED ORGANIZATIONS*

Newark Public Library (the "Library")

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

*GOVERNMENTAL FUNDS*

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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

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

*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 funds are a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

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

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



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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

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

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

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

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

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

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

**D. Basis of Accounting**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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.

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

**E. Budgets**

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

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with Licking County Budget Commission for rate determination. The Licking County Commissioners waived this requirement for fiscal year 2006.

Estimated Resources:

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

Appropriations:

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

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

**F. Cash and Investments**

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

During fiscal year 2006, 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 2006. 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, 2006.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2006 amounted to \$760,213, which includes \$444,753 assigned from other District funds.

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

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

**G. Inventory**

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

**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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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

**N. Prepayments**

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

**O. Estimates**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

**P. Restricted Assets**

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

**S. Nonpublic Schools**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

**T. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District had no extraordinary items during fiscal year 2006. The District did have a special item to report in fiscal year 2006 related to the sale of the Hazelwood Elementary building which was closed during fiscal year 2006. The book value of the land, land improvements and building at the time of sale was \$96,989, the receipts resulting from the sale totaled \$250,000 for a gain of \$153,011. The proceeds received from the sale are reported in the fund financial statements while the gain on the sale is reported in the statement of activities.

**NOTE 3 - ACCOUNTING PRINCIPLES AND COMPLIANCE**

**A. Changes in Accounting Principles**

For fiscal year 2006, the District has implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries", GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation", and GASB Statement No. 47, "Accounting for Termination Benefits".

GASB Statement No. 42 amends GASB Statement No. 34 and establishes accounting and financial reporting standards for impairment of capital assets and accounting requirements for insurance recoveries.

GASB Statement No. 46 defines enabling legislation and specifies how net assets should be reported in the financial statements when there are changes in such legislation. The Statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation.

GASB Statement No. 47 establishes accounting standards for termination benefits.

The implementation of GASB Statement No. 42, GASB Statement No. 46 and GASB Statement No. 47 did not have an effect on the fund balances/net assets of the District as previously reported at June 30, 2005.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 3 - ACCOUNTING PRINCIPLES AND COMPLIANCE**

**B. Deficit Fund Balances**

Fund balances at June 30, 2006 included the following individual fund deficits:

<u>Nonmajor Funds</u>	<u>Deficit</u>
Management Information Systems	\$ 18,057
Entry Year Programs	144
Ohio Reads Grant	1,261
Poverty Aid	38,559
Title VI-B	45,111
Title I	63,884
Drug Free Schools Program	2,221
EHA Preschool Grant	1,012
Reducing Class Size	59
Miscellaneous Federal Grants	1,239

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

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

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

**A. Cash on Hand**

At year-end, the District had \$3,612 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, 2006, the carrying amount of all District deposits was \$15,614,148. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2006, \$15,479,590 of the District's bank balance of \$15,879,590 was exposed to custodial risk as discussed below, while \$400,000 was covered by Federal Deposit Insurance Corporation.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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, 2006, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
Commercial paper	\$ 3,936,239	\$ 3,936,239	\$ -	\$ -	\$ -	\$ -
FFCP	989,330	989,330	-	-	-	-
FHLB	23,210,007	7,440,006	3,946,466	6,615,339	3,230,895	1,977,301
FHLMC	13,118,418	1,233,406	6,249,915	3,640,497	996,858	997,742
FNMA	9,476,755	997,076	3,952,496	2,285,879	2,241,304	-
FHLMC Discount Note	4,317,878	3,625,427	692,451	-	-	-
FNMA Discount Note	1,479,533	-	1,479,533	-	-	-
STAR Ohio	4,992,180	4,992,180	-	-	-	-
	<u>\$ 61,520,340</u>	<u>\$ 23,213,664</u>	<u>\$ 16,320,861</u>	<u>\$ 12,541,715</u>	<u>\$ 6,469,057</u>	<u>\$ 2,975,043</u>

The weighted average maturity of investments is .76 years.

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

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

*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, 2006:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
FHLB	\$ 23,210,007	37.73
Commercial paper	3,936,239	6.40
FFCP	989,330	1.61
FHLMC	17,436,296	28.34
FNMA	10,956,288	17.81
STAR Ohio	4,992,180	8.11
	<u>\$ 61,520,340</u>	<u>100.00</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

**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, 2006:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 15,614,148
Investments	61,520,340
Cash on hand	<u>3,612</u>
Total	<u>\$ 77,138,100</u>
<u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 77,020,393
Private-purpose trust funds	55,094
Agency funds	<u>62,613</u>
Total	<u>\$ 77,138,100</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

- A.** Interfund balances at June 30, 2006 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	\$ 40,000
General	Management Information Systems (special revenue fund)	25,000
General	Ohio Reads (special revenue fund)	12,888
General	Title II-B (special revenue fund)	53,284
General	Drug-free School Grant	324
General	Title II-A (special revenue fund)	35,045
General	Miscellaneous Federal Grants (special revenue fund)	<u>756</u>
Total		<u>\$ 167,297</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, 2006, consisted of the following, as reported on the fund financial statements:

Transfers to Nonmajor Governmental funds from:	
General fund	<u>\$ 45,000</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 5 - INTERFUND TRANSACTIONS – (Continued)**

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

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

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the District. Property tax revenue received during calendar 2006 for real and public utility property taxes represents collections of calendar 2005 taxes. Property tax payments received during calendar 2006 for tangible personal property (other than public utility property) are for calendar 2006 taxes.

2006 real property taxes are levied after April 1, 2005, on the assessed value listed as of the prior January 1, 2005 the lien date. Assessed values are established by state law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true values; public utility real property is assessed at thirty-five percent of true value. 2006 public utility property taxes became a lien December 31, 2004, are levied after April 1, 2005 and are collected in 2006 with real property taxes.

2006 tangible personal property taxes are levied after April 1, 2006, on the values as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are twenty-five percent of true value.

The full tax rate for District operations for the year ended June 30, 2006, was \$39.35 per \$1,000.00 of assessed value. The assessed values of real and tangible personal property for tax year 2006 are as follows:

	2005 Second		2006 First	
	Half Collections		Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Real property	\$ 663,274,280	88.42	\$ 739,828,180	89.28
Public utility personal	28,615,340	3.81	28,310,940	3.42
Tangible personal property	<u>58,251,640</u>	<u>7.77</u>	<u>60,520,190</u>	<u>7.30</u>
Total assessed valuation	<u>\$ 750,141,260</u>	<u>100.00</u>	<u>\$ 828,659,310</u>	<u>100.00</u>

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. This year, the June 2006 tangible personal property tax settlement was not received until July of 2006.

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.

Accrued property taxes receivables represent delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable as of June 30, 2006. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue. The late settlement and the amount available as an advance at June 30 are recognized as revenue.

The amount available as an advance at June 30, 2006, was \$910,000 and is recognized as revenue. \$653,400 was available to the general fund, \$194,400 was available to the Debt Service fund and \$62,200 was available to the nonmajor governmental funds. The amount that was available for advance at June 30, 2005 was \$1,631,300 to the general fund, \$526,200 to the Debt Service fund and \$167,500 to the nonmajor governmental funds.

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2006 consisted of property taxes, income taxes, accounts (billings for user charged services and student fees), accrued interest, intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

<b>Governmental Activities:</b>	
Property taxes	\$ 22,879,973
School district income tax	2,544,577
Accounts	21,067
Intergovernmental	1,388,137
Accrued interest	<u>862,473</u>
Total	<u>\$ 27,696,227</u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	<u>Balance</u> <u>06/30/05</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>06/30/06</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,713,468	\$ -	\$ (6,560)	\$ 1,706,908
Construction-in-progress	<u>382,680</u>	<u>9,111,615</u>	<u>-</u>	<u>9,494,295</u>
Non-depreciable capital assets	<u>2,096,148</u>	<u>9,111,615</u>	<u>(6,560)</u>	<u>11,201,203</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	440,187	-	(43,825)	396,362
Building/improvements	24,245,823	379,366	(535,932)	24,089,257
Furniture/equipment	2,892,923	810,245	(674,037)	3,029,131
Vehicles	<u>3,863,690</u>	<u>551,580</u>	<u>(886,297)</u>	<u>3,528,973</u>
Depreciable capital assets	<u>31,442,623</u>	<u>1,741,191</u>	<u>(2,140,091)</u>	<u>31,043,723</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(263,517)	(33,063)	34,329	(262,251)
Building/improvements	(18,447,592)	(748,579)	454,999	(18,741,172)
Furniture/equipment	(1,689,282)	(321,047)	570,738	(1,439,591)
Vehicles	<u>(2,536,063)</u>	<u>(252,349)</u>	<u>861,420</u>	<u>(1,926,992)</u>
Total accumulated depreciation	<u>(22,936,454)</u>	<u>(1,355,038)</u>	<u>1,921,486</u>	<u>(22,370,006)</u>
Governmental activities capital assets, net	<u>\$ 10,602,317</u>	<u>\$ 9,497,768</u>	<u>\$ (225,165)</u>	<u>\$ 19,874,920</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 630,622
Special	7,065
Vocational	26,230
<u>Support Services:</u>	
Pupil	24,000
Instructional staff	143,459
Administration	51,150
Fiscal	2,832
Business	1,367
Operations and maintenance	102,836
Pupil transportation	238,952
Central	19,515
Operation of non-instructional services:	
Food service operations	63,331
Other non-instructional services	19,948
Extracurricular activities	<u>23,731</u>
Total depreciation expense	<u>\$ 1,355,038</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

During fiscal year 2006, the District entered into a capitalized lease for copier equipment.

In prior years, the District entered into a capitalized lease for copier equipment and for the acquisition of exercise equipment. The final payments were made on these leases during the current fiscal year.

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

Capital lease payments are reflected as debt service expenditures in the financial statements for the governmental funds and in the budgetary statements. At June 30, 2006, 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, 2006 was \$40,841, leaving a current book value of \$367,568.

A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2006 totaled \$114,253 paid by the general fund, and \$48,235 paid by nonmajor governmental funds.

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, 2006:

<u>Fiscal Year Ending June 30,</u>	<u>Copier</u>
2007	\$ 147,100
2008	147,101
2009	<u>122,585</u>
Total minimum lease payments	416,786
Less: amount representing interest	<u>(29,516)</u>
Total	<u>\$ 387,270</u>



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**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, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Outstanding June 30, 2006</u>	<u>Amounts Due in One Year</u>
<b>Governmental Activities:</b>						
<u>General Obligation Bonds:</u>						
Library improvements						
bonds-series 98	5.14%	\$ 6,231,826	\$ -	\$ (5,461,826)	\$ 770,000	\$ 245,000
Library refunding						
bonds-series 2006	3.50%	-	5,423,333	-	5,423,333	50,000
Total library bonds		<u>6,231,826</u>	<u>5,423,333</u>	<u>(5,461,826)</u>	<u>6,193,333</u>	<u>295,000</u>
School improvement						
bonds-series 2005	3%-4.375%	50,000,000	-	(1,480,000)	\$ 48,520,000	1,060,000
School improvement						
bonds-series 2005A	3.5-4.5%	-	20,000,000	-	20,000,000	-
Total school improvement bonds		<u>50,000,000</u>	<u>20,000,000</u>	<u>(1,480,000)</u>	<u>68,520,000</u>	<u>1,060,000</u>
Total general obligation bonds payable		<u>56,231,826</u>	<u>25,423,333</u>	<u>(6,941,826)</u>	<u>74,713,333</u>	<u>1,355,000</u>
<u>Other Long-Term Obligations:</u>						
Capital lease obligation		141,349	408,409	(162,488)	387,270	130,364
Compensated absences		<u>2,380,823</u>	<u>652,654</u>	<u>(495,258)</u>	<u>2,538,219</u>	<u>636,738</u>
Total other long-term obligations		<u>\$ 2,522,172</u>	<u>\$ 1,061,063</u>	<u>\$ (657,746)</u>	<u>\$ 2,925,489</u>	<u>\$ 767,102</u>
Total long-term obligations governmental activities		<u>\$ 58,753,998</u>	<u>\$ 26,484,396</u>	<u>\$ (7,599,572)</u>	<u>\$ 77,638,822</u>	<u>\$ 2,122,102</u>
Unamortized premium on bonds					1,080,810	
Deferred charges in refunding bonds					<u>(195,371)</u>	
Total on statement of net assets					<u>\$ 78,524,261</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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**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 \$330,000. 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. The present value (as of issue date) reported in the statement of net assets at June 30, 2006, was \$84,998. A total of \$8,335 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. This advance refunding was undertaken to reduce total debt service payments over the next eleven years by \$295,270 and resulted in an economic gain of \$219,824.

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.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

- B.** Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2006, are as follows:

Year Ended	Library Bonds			School Improvement Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2007	\$ 295,000	\$ 250,213	\$ 545,213	\$ 1,060,000	\$ 2,899,400	\$ 3,959,400
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 - 2016	1,415,000	856,800	2,271,800	9,205,000	12,585,393	21,790,393
2017 - 2021	2,170,000	426,000	2,596,000	11,240,000	10,488,510	21,728,510
2022 - 2026	1,000,000	40,400	1,040,400	13,925,000	7,729,315	21,654,315
2027 - 2031	-	-	-	17,400,000	4,184,384	21,584,384
2032 - 2034	-	-	-	9,360,000	530,062	9,890,062
<b>Total</b>	<b>\$ 6,100,000</b>	<b>\$ 2,448,725</b>	<b>\$ 8,548,725</b>	<b>\$ 68,520,000</b>	<b>\$ 49,560,105</b>	<b>\$ 118,080,105</b>

Year Ended	Capital Appreciation Bonds		
	Principal	Interest	Total
2007	\$ -	\$ -	\$ -
2008	-	-	-
2009	-	-	-
2010	-	-	-
2011	-	-	-
2012 - 2016	84,998	245,002	330,000
<b>Total</b>	<b>\$ 84,998</b>	<b>\$ 245,002</b>	<b>\$ 330,000</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 effects of these debt limitations at June 30, 2006 are a voted debt margin of \$2,987,769 (including available funds of \$3,121,764) and an unvoted debt margin of \$828,659.

**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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 11 - OTHER EMPLOYEE BENEFITS - (Continued)**

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

**B. Insurance Benefits**

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

**C. Retirement Incentive**

The District offers a one-time retirement bonus in the amount of \$500 to all certified employees who provide the District with their notice of retirement by March 1 and complete the balance of the school year. The retirement notification bonus is payable upon completion of service through the last work day of the school year. 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 2006, the District maintained comprehensive insurance coverage for liability, violence, real property, building contents and vehicles. The District obtains insurance coverage through the Ohio Schools Risk Sharing Authority (See Note 2.A.). Vehicle policies include liability coverage for bodily injury and property damage. The following is a description of the District's insurance coverage:

Building and Contents - Replacement Cost	\$109,334,018
Automobile Liability	46,917
General Liability:	41,867
Per occurrence	3,000,000
Total per year	224,713
Employer's Liability	15,741

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

**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 \$62,093 reported in the basic financial statements at June 30, 2006, 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>
2005 - 2006	\$ 61,127	\$ 483,259	\$ (482,293)	\$ 62,093
2004 - 2005	63,059	465,728	(467,660)	61,127

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

**C. Workers' Compensation Rating Program**

For fiscal year 2006, 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 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. For fiscal year 2004, 9.09 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, 2006, 2005, and 2004 were \$814,182, \$804,399 and \$658,616, respectively; 41.50% has been contributed for fiscal year 2006 and 100% for the fiscal years 2005 and 2004. \$476,300 represents the unpaid contribution for fiscal year 2006 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**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, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon 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, 2006, 2005, and 2004 were \$3,902,637, \$3,860,776, and \$3,646,926, respectively; 82.53% has been contributed for fiscal year 2006 and 100% for the fiscal years 2005 and 2004. \$681,865 represents the unpaid contribution for fiscal year 2006 and is recorded as a liability within the respective funds. Contributions to the DC and Combined Plans for fiscal 2006 were \$53,721 made by the District and \$107,384 made by plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/STRS. As of June 30, 2006, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 14 - POSTEMPLOYMENT BENEFITS – (Continued)**

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. 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 funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$300,203 for fiscal year 2006.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.3 billion. For the fiscal year ended June 30, 2005 (the latest information available), net health care costs paid by STRS were \$254.780 million and STRS had 115,395 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. Premiums may be reduced for retirees whose household income falls below the poverty level.

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, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, a decrease of 0.01 percent from fiscal year 2005. 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 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2006 fiscal year, District paid \$457,576 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 annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available) were \$178.221 million. At June 30, 2005 (the latest information available), SERS had net assets available for payment of health care benefits of \$267.5 million, which is about 168 percent of next years projected net health care costs of \$158.776 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. SERS has 58,123 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.



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**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).

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

<b>Net Change in Fund Balance</b>	<u>General Fund</u>
Budget basis	\$ (3,657,914)
Net adjustment for revenue accruals	(840,833)
Net adjustment for expenditure accruals	(288,832)
Net adjustment for other sources/uses	4,289
Adjustment for encumbrances	<u>582,322</u>
GAAP basis	<u>\$ (4,200,968)</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.

**B. Litigation**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**NOTE 17 - INCOME TAXES**

The District levies a voted tax of one percent for general operation on the income of residents and of estates. The tax was effective on January 1, 1998, and was renewed for another five years in 2003 through 2008. Employers of the residents are required to withhold income tax on compensation and remit the tax to the state. Taxpayers are required to file an annual return. The state makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund and totaled \$6,865,451 during fiscal year 2006.

**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, 2006, the reserve activity was as follows:

	Textbooks/ Instructional Materials	Capital Acquisition	<u>Budget Stabilization</u>	
			<u>Designated</u>	<u>Reserved</u>
Set-aside cash balance as of June 30, 2005	\$ (600,792)	\$ (51,482,059)	\$ 669,981	\$ 264,425
Current year set-aside requirement	969,707	969,707	-	-
Current year offsets	-	(21,509,147)	-	-
Qualifying disbursements	<u>(1,040,330)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ (671,415)</u>	<u>\$ (72,021,499)</u>	<u>\$ 669,981</u>	<u>\$ 264,425</u>
Balance carried forward to FY 2007	<u>\$ (671,415)</u>	<u>\$ (72,021,499)</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.

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 may not be carried forward.

A schedule of the governmental fund restricted assets at June 30, 2006 follows:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 19 – NEWARK DIGITAL ACADEMY**

The Newark Digital Academy (the “NDA”) is a discretely presented component unit of the Newark City School District (the “District”). The District is the Sponsor of the NDA. The NDA 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 NDA at 85 East Main Street, Newark, Ohio 43055.

**A. Significant Accounting Policies**

The financial statements of NDA have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. NDA also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds 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.

**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.

**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, 2006.

**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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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, 2006 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

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

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

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

*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 GAAP requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

**B. Deposits and Investments**

At fiscal year end, the carrying amount of the NDA's deposits was \$151,369. Based on the criteria in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2006, \$52,612 of the Academy's bank balance of \$152,612 was exposed to custodial risk as discussed below, while \$100,000 was covered by Federal Deposit Insurance Corporation. 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.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

**C. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	Balance at 6/30/05	Additions	Reductions	Balance at 6/30/06
Capital Assets:				
Furniture and Equipment	\$84,593	68,211	0	\$152,804
Less Accumulated Depreciation:				
Furniture and Equipment	(11,111)	(17,686)	0	(28,797)
Capital Assets, Net	<u>\$73,482</u>	<u>\$50,525</u>	<u>\$0</u>	<u>\$124,007</u>

**D. Contract with TRECA**

NDA entered into a one-year contract on June 13, 2005, with Tri-Rivers Educational Computer Association (TRECA) for management consulting services. Under the contract, the following terms were agreed upon:

-TRECA shall provide NDA with 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 \$1,500 per student, except that if the student has been enrolled in TRECA for at least 90 days, \$1,000, and if the student has been enrolled in TRECA 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 \$3,600 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

-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.

For the initial period \$147,478 was payable under this contract. All but \$3,780 of this amount was paid as of June 30, 2006.

**E. 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 2006, 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

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

**F. 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, 2006.

**Litigation** - A suit was filed in the U.S. District Court, Southern District of Ohio, Western Division on October 6, 2004, which challenges the funding of charter schools under Equal Protection, Due Process and claims violation of a right to vote on the bodies administering public schools. The case is still pending. The effect of this suit, if any, on the NDA is not presently determinable.

**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 NDA was reviewed two times during this initial year of operations and no errors were found in enrollment, withdrawals and attendance.

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, 2006

	<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 . . . . .	\$ 4,965,935	\$ 4,948,230	\$ 5,131,538	\$ 183,308
Total Expenditures and Other Uses . . . . .	<u>4,135,150</u>	<u>4,554,968</u>	<u>4,512,477</u>	<u>42,491</u>
Net Change in Fund Balances . . . . .	830,785	393,262	619,061	225,799
Fund balance at beginning of year . . . . .	<u>2,255,600</u>	<u>2,255,600</u>	<u>2,255,600</u>	<u>-</u>
Fund balance at end of year . . . . .	<u><u>\$ 3,086,385</u></u>	<u><u>\$ 2,648,862</u></u>	<u><u>\$ 2,874,661</u></u>	<u><u>\$ 225,799</u></u>
<b>Building Fund</b>				
Total Revenues and Other Sources . . . . .	\$ 500,000	\$ 22,000,000	\$ 21,853,138	\$ (146,862)
Total Expenditures and Other Uses . . . . .	<u>13,202,763</u>	<u>50,202,763</u>	<u>46,566,844</u>	<u>3,635,919</u>
Net Change in Fund Balances . . . . .	(12,702,763)	(28,202,763)	(24,713,706)	3,489,057
Fund balance at beginning of year . . . . .	45,061,536	45,061,536	45,061,536	-
Prior Year Encumbrances Appropriated . .	<u>4,702,763</u>	<u>4,702,763</u>	<u>4,702,763</u>	<u>-</u>
Fund balance at end of year . . . . .	<u><u>\$ 37,061,536</u></u>	<u><u>\$ 21,561,536</u></u>	<u><u>\$ 25,050,593</u></u>	<u><u>\$ 3,489,057</u></u>

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

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2006

	<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. . . . .	\$ 1,439,143	\$ 1,027,874	\$ 2,467,017
Property taxes . . . . .	-	1,625,028	1,625,028
Accounts. . . . .	358	-	358
Intergovernmental . . . . .	1,388,137	-	1,388,137
Prepayments. . . . .	966	-	966
Materials and supplies inventory . . . . .	20,948	-	20,948
Total assets. . . . .	\$ 2,849,552	\$ 2,652,902	\$ 5,502,454
<b>Liabilities:</b>			
Accounts payable. . . . .	\$ 15,991	\$ 161,739	\$ 177,730
Accrued wages and benefits . . . . .	569,480	-	569,480
Compensated absences payable . . . . .	13,609	-	13,609
Pension obligation payable. . . . .	224,852	-	224,852
Intergovernmental payable . . . . .	28,828	1,317	30,145
Interfund loan payable . . . . .	167,297	-	167,297
Deferred revenue. . . . .	1,044,352	1,535,825	2,580,177
Total liabilities. . . . .	2,064,409	1,698,881	3,763,290
<b>Fund balances:</b>			
Reserved for encumbrances . . . . .	440,452	143,267	583,719
Reserved for materials and supplies inventory . . . . .	20,948	-	20,948
Reserved for property tax unavailable for appropriation . . . . .	-	62,200	62,200
Reserved for prepayments . . . . .	966	-	966
Unreserved, undesignated, reported in:			
Special revenue funds . . . . .	322,777	-	322,777
Capital projects funds . . . . .	-	748,554	748,554
Total fund balances . . . . .	785,143	954,021	1,739,164
Total liabilities and fund balances . . . . .	\$ 2,849,552	\$ 2,652,902	\$ 5,502,454

**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, 2006

	<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 . . . . .	\$ -	\$ 1,412,945	\$ 1,412,945
Charges for services . . . . .	1,167,738	-	1,167,738
Earnings on investments . . . . .	8,442	-	8,442
Extracurricular . . . . .	244,881	-	244,881
Other local revenues . . . . .	119,284	-	119,284
Intergovernmental - intermediate. . . . .	16,300	-	16,300
Intergovernmental - State . . . . .	1,827,703	186,459	2,014,162
Intergovernmental - Federal . . . . .	5,832,466	-	5,832,466
Total revenues . . . . .	<u>9,216,814</u>	<u>1,599,404</u>	<u>10,816,218</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	1,114,763	381,898	1,496,661
Special . . . . .	2,623,250	-	2,623,250
Support services:			
Pupil . . . . .	78,377	-	78,377
Instructional staff. . . . .	1,831,028	15,453	1,846,481
Administration . . . . .	323,617	223	323,840
Fiscal. . . . .	48,996	37,157	86,153
Business . . . . .	-	50,868	50,868
Operations and maintenance . . . . .	2,474	190,040	192,514
Pupil transportation . . . . .	8,283	417,440	425,723
Central . . . . .	282,996	26,144	309,140
Operation of non-instructional services:			
Food service operation . . . . .	2,613,723	-	2,613,723
Other non-instructional services . . . . .	44,655	7,077	51,732
Extracurricular activities. . . . .	317,922	-	317,922
Intergovernmental pass through . . . . .	629,679	-	629,679
Facilities acquisition and construction. . . . .	-	521,842	521,842
Capital outlay. . . . .	-	408,409	408,409
Debt service:			
Principal retirement . . . . .	-	48,235	48,235
Interest and fiscal charges . . . . .	-	3,650	3,650
Total expenditures . . . . .	<u>9,919,763</u>	<u>2,108,436</u>	<u>12,028,199</u>
Excess of revenues over (under) expenditures . . . . .	<u>(702,949)</u>	<u>(509,032)</u>	<u>(1,211,981)</u>
<b>Other financing sources:</b>			
Transfers in. . . . .	45,000	-	45,000
Capital lease transaction. . . . .	-	408,409	408,409
Total other financing sources . . . . .	<u>45,000</u>	<u>408,409</u>	<u>453,409</u>
<b>Special Item:</b>			
Sale of building. . . . .	-	250,000	250,000
Net change in fund balances. . . . .	(657,949)	149,377	(508,572)
<b>Fund balances at beginning of year . . . . .</b>	<b>1,435,856</b>	<b>804,644</b>	<b>2,240,500</b>
<b>Increase in reserve for inventory . . . . .</b>	<b>7,236</b>	<b>-</b>	<b>7,236</b>
<b>Fund balances at end of year . . . . .</b>	<b><u>\$ 785,143</u></b>	<b><u>\$ 954,021</u></b>	<b><u>\$ 1,739,164</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.

**Career Development**

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

**Management Information Systems**

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

**Entry Year Programs**

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

**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)**

**Student Intervention**

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

**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 vocational 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 prevention, 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 provide programs for at-risk students; instructional materials to improve the quality of instruction; programs of professional development; programs to enhance personal excellence of students and student achievement.

**Drug Free Schools Program**

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

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

**COMBINING STATEMENTS - NONMAJOR FUNDS**

**Nonmajor Special Revenue Funds (Continued)**

**EHA Preschool Grant**

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

**Telecommunications Act Grant ("E-Rate")**

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

**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, 2006

	<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. . . . .	\$ 89,839	\$ 70,050	\$ 124,602	\$ 105,875
Receivables:				
Accounts. . . . .	-	-	-	-
Intergovernmental . . . . .	-	-	-	-
Prepayments. . . . .	-	-	-	-
Materials and supplies inventory . . . . .	-	-	-	-
Total assets. . . . .	<u>\$ 89,839</u>	<u>\$ 70,050</u>	<u>\$ 124,602</u>	<u>\$ 105,875</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 130	\$ -	\$ -	\$ 40
Accrued wages and benefits . . . . .	-	-	-	32,457
Compensated absences payable . . . . .	-	-	-	-
Pension obligation payable. . . . .	-	-	-	5,455
Intergovernmental payable . . . . .	-	-	36	1,469
Interfund loan payable . . . . .	-	-	40,000	-
Deferred revenue. . . . .	-	-	-	-
Total liabilities. . . . .	<u>130</u>	<u>-</u>	<u>40,036</u>	<u>39,421</u>
<b>Fund balances:</b>				
Reserved for encumbrances . . . . .	5,649	105	45,996	4,046
Reserved for materials and supplies inventory . . . . .	-	-	-	-
Reserved for prepayments . . . . .	-	-	-	-
Unreserved-undesignated (deficit) . . . . .	<u>84,060</u>	<u>69,945</u>	<u>38,570</u>	<u>62,408</u>
Total fund balances (deficits) . . . . .	<u>89,709</u>	<u>70,050</u>	<u>84,566</u>	<u>66,454</u>
Total liabilities and fund balances. . . . .	<u>\$ 89,839</u>	<u>\$ 70,050</u>	<u>\$ 124,602</u>	<u>\$ 105,875</u>



<u>Management Information Systems</u>	<u>Entry Year Programs</u>	<u>Data Communications</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads</u>	<u>HSTW</u>
\$ 9,723	\$ -	\$ 2,275	\$ 13,210	\$ -	\$ 245
-	-	-	-	-	-
-	-	-	9,956	15,006	-
80	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 9,803</u>	<u>\$ -</u>	<u>\$ 2,275</u>	<u>\$ 23,166</u>	<u>\$ 15,006</u>	<u>\$ 245</u>
\$ -	\$ -	\$ -	\$ 389	\$ 60	\$ -
46	-	-	-	547	-
-	-	-	-	-	-
2,640	-	-	-	487	-
174	144	-	3	167	-
25,000	-	-	-	12,888	-
-	-	-	4,978	2,118	-
<u>27,860</u>	<u>144</u>	<u>-</u>	<u>5,370</u>	<u>16,267</u>	<u>-</u>
-	-	-	18,976	5	-
-	-	-	-	-	-
80	-	-	-	-	-
<u>(18,137)</u>	<u>(144)</u>	<u>2,275</u>	<u>(1,180)</u>	<u>(1,266)</u>	<u>245</u>
<u>(18,057)</u>	<u>(144)</u>	<u>2,275</u>	<u>17,796</u>	<u>(1,261)</u>	<u>245</u>
<u>\$ 9,803</u>	<u>\$ -</u>	<u>\$ 2,275</u>	<u>\$ 23,166</u>	<u>\$ 15,006</u>	<u>\$ 245</u>

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

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2006

	<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. . . . .	\$ 6,044	\$ 16,635	\$ 21,385	\$ -
Receivables:				
Accounts. . . . .	-	-	-	-
Intergovernmental . . . . .	2,495	-	-	608,830
Prepayments. . . . .	-	-	-	-
Materials and supplies inventory . . . . .	-	-	-	-
Total assets. . . . .	<u>\$ 8,539</u>	<u>\$ 16,635</u>	<u>\$ 21,385</u>	<u>\$ 608,830</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 29	\$ -	\$ 5,054	\$ 159
Accrued wages and benefits . . . . .	3,349	42,149	-	107,936
Compensated absences payable . . . . .	-	-	-	11,671
Pension obligation payable. . . . .	1,386	9,094	1,012	47,193
Intergovernmental payable . . . . .	84	3,951	175	5,652
Interfund loan payable . . . . .	-	-	-	53,284
Deferred revenue. . . . .	2,495	-	-	428,046
Total liabilities. . . . .	<u>7,343</u>	<u>55,194</u>	<u>6,241</u>	<u>653,941</u>
<b>Fund balances:</b>				
Reserved for encumbrances . . . . .	132	-	46	143,729
Reserved for materials and supplies inventory . . . . .	-	-	-	-
Reserved for prepayments . . . . .	-	-	-	-
Unreserved-undesignated (deficit) . . . . .	<u>1,064</u>	<u>(38,559)</u>	<u>15,098</u>	<u>(188,840)</u>
Total fund balances (deficits) . . . . .	<u>1,196</u>	<u>(38,559)</u>	<u>15,144</u>	<u>(45,111)</u>
Total liabilities and fund balances. . . . .	<u>\$ 8,539</u>	<u>\$ 16,635</u>	<u>\$ 21,385</u>	<u>\$ 608,830</u>

<u>Title I</u>	<u>Title VI</u>	<u>Drug Free Schools Program</u>	<u>EHA Preschool Grant</u>	<u>E-Rate</u>
\$ 207,936	\$ 464	\$ -	\$ 2,339	\$ 13,969
-	-	-	-	-
404,605	2,842	11,007	12,219	-
85	-	-	-	-
-	-	-	-	-
<u>\$ 612,626</u>	<u>\$ 3,306</u>	<u>\$ 11,007</u>	<u>\$ 14,558</u>	<u>\$ 13,969</u>
\$ 909	\$ -	\$ 1,800	\$ -	\$ 660
222,594	-	-	6,670	-
1,938	-	-	-	-
36,726	-	421	3,795	-
9,738	80	-	254	-
-	-	324	-	-
404,605	2,842	10,683	4,851	-
<u>676,510</u>	<u>2,922</u>	<u>13,228</u>	<u>15,570</u>	<u>660</u>
145,064	1,157	3,662	879	4,852
-	-	-	-	-
85	-	-	-	-
<u>(209,033)</u>	<u>(773)</u>	<u>(5,883)</u>	<u>(1,891)</u>	<u>8,457</u>
<u>(63,884)</u>	<u>384</u>	<u>(2,221)</u>	<u>(1,012)</u>	<u>13,309</u>
<u>\$ 612,626</u>	<u>\$ 3,306</u>	<u>\$ 11,007</u>	<u>\$ 14,558</u>	<u>\$ 13,969</u>

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**NEWARK CITY SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
 JUNE 30, 2006

	<u>Reducing Class Size</u>	<u>Miscellaneous Federal Grants</u>	<u>Food Service</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ -	\$ 9	\$ 646,379
Receivables:			
Accounts. . . . .	-	-	308
Intergovernmental . . . . .	262,620	14,240	44,317
Prepayments. . . . .	-	-	801
Materials and supplies inventory . . . . .	-	-	20,948
Total assets. . . . .	<u>\$ 262,620</u>	<u>\$ 14,249</u>	<u>\$ 712,753</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	\$ 4,979	\$ 1,245	\$ 537
Accrued wages and benefits . . . . .	43,567	-	110,165
Compensated absences payable . . . . .	-	-	-
Pension obligation payable. . . . .	7,370	-	109,273
Intergovernmental payable . . . . .	1,468	3	5,430
Interfund loan payable . . . . .	35,045	756	-
Deferred revenue. . . . .	170,250	13,484	-
Total liabilities. . . . .	<u>262,679</u>	<u>15,488</u>	<u>225,405</u>
<b>Fund balances:</b>			
Reserved for encumbrances . . . . .	30,306	1,641	33,616
Reserved for materials and supplies inventory . . . . .	-	-	20,948
Reserved for prepayments . . . . .	-	-	801
Unreserved-undesignated (deficit) . . . . .	<u>(30,365)</u>	<u>(2,880)</u>	<u>431,983</u>
Total fund balances (deficits) . . . . .	<u>(59)</u>	<u>(1,239)</u>	<u>487,348</u>
Total liabilities and fund balances. . . . .	<u>\$ 262,620</u>	<u>\$ 14,249</u>	<u>\$ 712,753</u>

<u>School Activity Trusts</u>	<u>Staff Trusts</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 89,593	\$ 18,571	\$ 1,439,143
-	50	358
-	-	1,388,137
-	-	966
-	-	20,948
<u>\$ 89,593</u>	<u>\$ 18,621</u>	<u>\$ 2,849,552</u>
\$ -	\$ -	\$ 15,991
-	-	569,480
-	-	13,609
-	-	224,852
-	-	28,828
-	-	167,297
-	-	1,044,352
<u>-</u>	<u>-</u>	<u>2,064,409</u>
-	591	440,452
-	-	20,948
-	-	966
<u>89,593</u>	<u>18,030</u>	<u>322,777</u>
<u>89,593</u>	<u>18,621</u>	<u>785,143</u>
<u>\$ 89,593</u>	<u>\$ 18,621</u>	<u>\$ 2,849,552</u>

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Public School Support</u>	<u>Miscellaneous Grants</u>	<u>District Managed Student Activity</u>	<u>Auxiliary Services</u>
<b>Revenues:</b>				
From local sources:				
Charges for services . . . . .	\$ -	\$ -	\$ -	\$ -
Earnings on investments . . . . .	-	-	-	1,716
Extracurricular . . . . .	26,348	-	216,680	-
Other local revenues . . . . .	49,947	469	30,072	-
Intergovernmental - intermediate . . . . .	-	16,300	-	-
Intergovernmental - State . . . . .	-	-	-	571,820
Intergovernmental - Federal . . . . .	-	-	-	-
Total revenues . . . . .	<u>76,295</u>	<u>16,769</u>	<u>246,752</u>	<u>573,536</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	-	22,367	-	-
Special . . . . .	-	-	-	-
Support services:				
Pupil . . . . .	-	-	-	-
Instructional staff . . . . .	-	-	-	-
Administration . . . . .	-	-	-	-
Fiscal . . . . .	-	-	-	-
Operations and maintenance . . . . .	-	-	-	-
Pupil transportation . . . . .	-	256	-	-
Central . . . . .	-	-	-	-
Operation of non-instructional services:				
Food service operation . . . . .	-	-	-	-
Other non-instructional services . . . . .	130	233	184	-
Extracurricular activities . . . . .	70,060	63	246,699	-
Intergovernmental pass through . . . . .	-	-	-	629,679
Total expenditures . . . . .	<u>70,190</u>	<u>22,919</u>	<u>246,883</u>	<u>629,679</u>
Excess of revenues over (under) expenditures . . . . .	<u>6,105</u>	<u>(6,150)</u>	<u>(131)</u>	<u>(56,143)</u>
<b>Other financing sources:</b>				
Transfers in . . . . .	-	-	-	-
Total other financing sources . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances . . . . .	6,105	(6,150)	(131)	(56,143)
<b>Fund balances (deficits)</b>				
at beginning of year . . . . .	83,604	76,200	84,697	122,597
Increase in reserve for inventory . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances (deficits) at end of year . . . . .</b>	<u><u>\$ 89,709</u></u>	<u><u>\$ 70,050</u></u>	<u><u>\$ 84,566</u></u>	<u><u>\$ 66,454</u></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>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
22,071	19,200	54,634	18,859	109,883
-	-	-	-	-
<u>22,071</u>	<u>19,200</u>	<u>54,634</u>	<u>18,859</u>	<u>109,883</u>
-	-	-	-	53,072
-	-	-	-	-
-	-	-	-	-
-	22,853	-	10,306	61,536
5,670	-	-	-	-
43,458	-	-	-	-
-	-	-	-	-
-	-	-	-	-
30,462	-	52,359	2,279	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>79,590</u>	<u>22,853</u>	<u>52,359</u>	<u>12,585</u>	<u>114,608</u>
<u>(57,519)</u>	<u>(3,653)</u>	<u>2,275</u>	<u>6,274</u>	<u>(4,725)</u>
<u>45,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>45,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(12,519)	(3,653)	2,275	6,274	(4,725)
(5,538)	3,509	-	11,522	3,464
-	-	-	-	-
<u>\$ (18,057)</u>	<u>\$ (144)</u>	<u>\$ 2,275</u>	<u>\$ 17,796</u>	<u>\$ (1,261)</u>

**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, 2006

	<b>Student Intervention</b>	<b>HSTW</b>	<b>Alternative Schools</b>
<b>Revenues:</b>			
From local sources:			
Charges for services . . . . .	\$ -	\$ -	\$ -
Earnings on investments . . . . .	-	-	-
Extracurricular . . . . .	-	-	-
Other local revenues . . . . .	-	-	-
Intergovernmental - intermediate . . . . .	-	-	-
Intergovernmental - State . . . . .	22,652	12,000	93,747
Intergovernmental - Federal . . . . .	-	-	-
Total revenues. . . . .	22,652	12,000	93,747
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	-	2,488	18,255
Special . . . . .	-	-	-
Support services:			
Pupil . . . . .	-	-	43,076
Instructional staff. . . . .	-	9,267	5,416
Administration . . . . .	-	-	6,657
Fiscal. . . . .	-	-	-
Operations and maintenance . . . . .	-	-	-
Pupil transportation . . . . .	-	-	1,103
Central . . . . .	-	-	5,000
Operation of non-instructional services:			
Food service operation . . . . .	-	-	-
Other non-instructional services . . . . .	-	-	-
Extracurricular activities . . . . .	-	-	-
Intergovernmental pass through. . . . .	-	-	-
Total expenditures . . . . .	-	11,755	79,507
Excess of revenues over (under) expenditures . . . . .	22,652	245	14,240
<b>Other financing sources:</b>			
Transfers in. . . . .	-	-	-
Total other financing sources . . . . .	-	-	-
Net change in fund balances . . . . .	22,652	245	14,240
<b>Fund balances (deficits)</b>			
at beginning of year . . . . .	(22,652)	-	(13,044)
Increase in reserve for inventory . . . . .	-	-	-
Fund balances (deficits) at end of year . . . . .	\$ -	\$ 245	\$ 1,196



<u>Poverty Aid/ DPIA</u>	<u>Miscellaneous State Grants</u>	<u>Title VI-B</u>	<u>Title I</u>	<u>Title VI</u>	<u>Drug Free Schools Program</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
756,622	89,399	-	-	-	-
-	-	1,451,821	2,320,073	24,724	43,289
<u>756,622</u>	<u>89,399</u>	<u>1,451,821</u>	<u>2,320,073</u>	<u>24,724</u>	<u>43,289</u>
660,297	36,387	-	6,758	20,256	35,186
328	-	690,895	1,925,706	-	-
-	20,642	3,995	-	-	8,936
3,158	31,817	797,805	565,022	4,455	1,500
110,265	-	96,103	85,374	-	-
-	-	-	5,538	-	-
-	2,474	-	-	-	-
6,785	-	-	-	-	139
-	-	1,137	-	-	-
-	-	-	-	-	-
-	-	7,257	9,724	1,145	197
-	-	-	-	-	-
-	-	-	-	-	-
<u>780,833</u>	<u>91,320</u>	<u>1,597,192</u>	<u>2,598,122</u>	<u>25,856</u>	<u>45,958</u>
<u>(24,211)</u>	<u>(1,921)</u>	<u>(145,371)</u>	<u>(278,049)</u>	<u>(1,132)</u>	<u>(2,669)</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>(24,211)</u>	<u>(1,921)</u>	<u>(145,371)</u>	<u>(278,049)</u>	<u>(1,132)</u>	<u>(2,669)</u>
(14,348)	17,065	100,260	214,165	1,516	448
-	-	-	-	-	-
<u>\$ (38,559)</u>	<u>\$ 15,144</u>	<u>\$ (45,111)</u>	<u>\$ (63,884)</u>	<u>\$ 384</u>	<u>\$ (2,221)</u>

**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, 2006

	<u>EHA Preschool Grant</u>	<u>E-Rate</u>	<u>Reducing Class Size</u>	<u>Miscellaneous Federal Grants</u>
<b>Revenues:</b>				
From local sources:				
Charges for services . . . . .	\$ -	\$ -	\$ -	\$ -
Earnings on investments . . . . .	-	-	-	-
Extracurricular . . . . .	-	-	-	-
Other local revenues . . . . .	-	-	-	-
Intergovernmental - intermediate . . . . .	-	-	-	-
Intergovernmental - State . . . . .	-	-	-	-
Intergovernmental - Federal . . . . .	44,377	202,267	461,850	37,691
Total revenues. . . . .	<u>44,377</u>	<u>202,267</u>	<u>461,850</u>	<u>37,691</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular. . . . .	-	-	225,337	29,515
Special . . . . .	6,321	-	-	-
Support services:				
Pupil . . . . .	1,728	-	-	-
Instructional staff. . . . .	38,863	-	274,505	4,525
Administration . . . . .	-	-	19,548	-
Fiscal. . . . .	-	-	-	-
Operations and maintenance . . . . .	-	-	-	-
Pupil transportation . . . . .	-	-	-	-
Central . . . . .	-	191,759	-	-
Operation of non-instructional services:				
Food service operation . . . . .	-	-	-	-
Other non-instructional services . . . . .	-	-	914	9,673
Extracurricular activities . . . . .	-	-	-	-
Intergovernmental pass through. . . . .	-	-	-	-
Total expenditures . . . . .	<u>46,912</u>	<u>191,759</u>	<u>520,304</u>	<u>43,713</u>
Excess of revenues over (under) expenditures . . . . .	<u>(2,535)</u>	<u>10,508</u>	<u>(58,454)</u>	<u>(6,022)</u>
<b>Other financing sources:</b>				
Transfers in. . . . .	-	-	-	-
Total other financing sources . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances . . . . .	(2,535)	10,508	(58,454)	(6,022)
<b>Fund balances (deficits)</b>				
at beginning of year . . . . .	1,523	2,801	58,395	4,783
Increase in reserve for inventory . . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances (deficits) at end of year . . . . .</b>	<u>\$ (1,012)</u>	<u>\$ 13,309</u>	<u>\$ (59)</u>	<u>\$ (1,239)</u>

<u>Food Service</u>	<u>School Activity Trusts</u>	<u>Staff Trusts</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 1,167,738	\$ -	\$ -	\$ 1,167,738
6,726	-	-	8,442
-	-	1,853	244,881
-	35,527	3,269	119,284
-	-	-	16,300
56,816	-	-	1,827,703
1,246,374	-	-	5,832,466
<u>2,477,654</u>	<u>35,527</u>	<u>5,122</u>	<u>9,216,814</u>
-	4,845	-	1,114,763
-	-	-	2,623,250
-	-	-	78,377
-	-	-	1,831,028
-	-	-	323,617
-	-	-	48,996
-	-	-	2,474
-	-	-	8,283
-	-	-	282,996
2,613,723	-	-	2,613,723
-	6,088	9,110	44,655
-	1,100	-	317,922
-	-	-	629,679
<u>2,613,723</u>	<u>12,033</u>	<u>9,110</u>	<u>9,919,763</u>
<u>(136,069)</u>	<u>23,494</u>	<u>(3,988)</u>	<u>(702,949)</u>
-	-	-	45,000
-	-	-	45,000
(136,069)	23,494	(3,988)	(657,949)
616,181	66,099	22,609	1,435,856
7,236	-	-	7,236
<u>\$ 487,348</u>	<u>\$ 89,593</u>	<u>\$ 18,621</u>	<u>\$ 785,143</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, 2006

	<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 . . . . .	\$ 60,000	\$ 60,000	\$ 82,152	\$ 22,152
Total Expenditures and Other Uses . . . . .	<u>68,157</u>	<u>92,025</u>	<u>82,388</u>	<u>9,637</u>
Net Change in Fund Balances . . . . .	(8,157)	(32,025)	(236)	31,789
Fund balance at beginning of year . . . . .	81,265	81,265	81,265	-
Prior year encumbrances appropriated. . . . .	<u>3,031</u>	<u>3,031</u>	<u>3,031</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 76,139</u>	<u>\$ 52,271</u>	<u>\$ 84,060</u>	<u>\$ 31,789</u>
<b>Miscellaneous Grants</b>				
Total Revenues and Other Sources . . . . .	\$ 30,000	\$ 30,000	\$ 16,769	\$ (13,231)
Total Expenditures and Other Uses . . . . .	<u>38,565</u>	<u>53,271</u>	<u>23,640</u>	<u>29,631</u>
Net Change in Fund Balances . . . . .	(8,565)	(23,271)	(6,871)	16,400
Fund balance at beginning of year . . . . .	75,752	75,752	75,752	-
Prior year encumbrances appropriated. . . . .	<u>1,403</u>	<u>1,403</u>	<u>1,403</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 68,590</u>	<u>\$ 53,884</u>	<u>\$ 70,284</u>	<u>\$ 16,400</u>
<b>District Managed Student Activity</b>				
Total Revenues and Other Sources . . . . .	\$ 250,000	\$ 285,000	\$ 287,299	\$ 2,299
Total Expenditures and Other Uses . . . . .	<u>289,611</u>	<u>361,995</u>	<u>293,895</u>	<u>68,100</u>
Net Change in Fund Balances . . . . .	(39,611)	(76,995)	(6,596)	70,399
Fund balance at beginning of year . . . . .	68,193	68,193	68,193	-
Prior year encumbrances appropriated. . . . .	<u>17,009</u>	<u>17,009</u>	<u>17,009</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 45,591</u>	<u>\$ 8,207</u>	<u>\$ 78,606</u>	<u>\$ 70,399</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, 2006

	<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. . . . .	\$ 630,000	\$ 575,000	\$ 573,537	\$ (1,463)
Total Expenditures and Other Uses. . . . .	<u>767,514</u>	<u>713,403</u>	<u>611,590</u>	<u>101,813</u>
Net Change in Fund Balances . . . . .	(137,514)	(138,403)	(38,053)	100,350
Fund balance at beginning of year . . . . .	117,132	117,132	117,132	-
Prior year encumbrances appropriated. . .	<u>22,710</u>	<u>22,710</u>	<u>22,710</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 2,328</u>	<u>\$ 1,439</u>	<u>\$ 101,789</u>	<u>\$ 100,350</u>
<b>Management Information Systems</b>				
Total Revenues and Other Sources. . . . .	\$ 58,000	\$ 65,000	\$ 82,270	\$ 17,270
Total Expenditures. . . . .	74,400	83,530	79,300	4,230
Advances out . . . . .	<u>-</u>	<u>-</u>	<u>(15,199)</u>	<u>(15,199)</u>
Net Change in Fund Balances . . . . .	(16,400)	(18,530)	(12,229)	6,301
Fund balance at beginning of year . . . . .	<u>21,952</u>	<u>21,952</u>	<u>21,952</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 5,552</u>	<u>\$ 3,422</u>	<u>\$ 9,723</u>	<u>\$ 6,301</u>
<b>Entry Year Programs</b>				
Total Revenues and Other Sources. . . . .	\$ 34,000	\$ 19,200	\$ 19,200	\$ -
Total Expenditures and Other Uses. . . . .	<u>42,499</u>	<u>27,787</u>	<u>27,787</u>	<u>-</u>
Net Change in Fund Balances . . . . .	(8,499)	(8,587)	(8,587)	-
Fund balance at beginning of year . . . . .	1,863	1,863	1,863	-
Prior Year Encumbrances Appropriated . .	<u>6,724</u>	<u>6,724</u>	<u>6,724</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 88</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, 2006

	<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. . . . .	\$ 52,359	\$ 52,359	\$ 54,634	\$ 2,275
Total Expenditures. . . . .	<u>52,359</u>	<u>52,359</u>	<u>52,359</u>	<u>-</u>
Net Change in Fund Balances . . . . .	-	-	2,275	2,275
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>\$ 2,275</u>	<u>\$ 2,275</u>
<b>SchoolNet Professional Development</b>				
Total Revenues and Other Sources. . . . .	\$ 4,000	\$ 23,837	\$ 13,881	\$ (9,956)
Total Expenditures. . . . .	<u>11,812</u>	<u>35,359</u>	<u>31,559</u>	<u>3,800</u>
Net Change in Fund Balances . . . . .	(7,812)	(11,522)	(17,678)	(6,156)
Fund balance at beginning of year . . . . .	11,233	11,233	11,233	-
Prior Year Encumbrances Appropriated . . . . .	<u>290</u>	<u>290</u>	<u>290</u>	<u>-</u>
Fund deficit at end of year. . . . .	<u>\$ 3,711</u>	<u>\$ 1</u>	<u>\$ (6,155)</u>	<u>\$ (6,156)</u>
<b>Ohio Reads Grant</b>				
Total Revenues and Other Sources. . . . .	\$ 130,318	\$ 130,318	\$ 124,200	\$ (6,118)
Total Expenditures and Other Uses. . . . .	115,783	117,783	115,730	2,053
Advances out . . . . .	<u>-</u>	<u>-</u>	<u>(8,535)</u>	<u>(8,535)</u>
Net Change in Fund Balances . . . . .	14,535	12,535	(65)	(12,600)
Fund deficit at beginning of year. . . . .	(3,647)	(3,647)	(3,647)	-
Prior Year Encumbrances Appropriated . . . . .	<u>3,647</u>	<u>3,647</u>	<u>3,647</u>	<u>-</u>
Fund deficit at end of year. . . . .	<u>\$ 14,535</u>	<u>\$ 12,535</u>	<u>\$ (65)</u>	<u>\$ (12,600)</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Student Intervention</b>				
Total Revenues and Other Sources . . . . .	\$ 50,419	\$ 50,419	\$ 50,419	\$ -
Total Expenditures . . . . .	<u>52,075</u>	<u>52,075</u>	<u>52,075</u>	<u>-</u>
Net Change in Fund Balances . . . . .	(1,656)	(1,656)	(1,656)	-
Fund balance at beginning of year . . . . .	1,356	1,356	1,356	-
Prior year encumbrances appropriated. . . . .	<u>300</u>	<u>300</u>	<u>300</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>High Schools That Work</b>				
Total Revenues and Other Sources . . . . .	\$ -	\$ 12,000	\$ 12,000	\$ -
Total Expenditures . . . . .	<u>-</u>	<u>12,000</u>	<u>11,755</u>	<u>245</u>
Net Change in Fund Balances . . . . .	-	-	245	245
Fund balance at beginning of year . . . . .	-	-	-	-
Prior year encumbrances appropriated. . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund deficit at end of year . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245</u>	<u>\$ 245</u>
<b>Alternative Schools</b>				
Total Revenues and Other Sources . . . . .	\$ 95,397	\$ 96,243	\$ 93,747	\$ (2,496)
Total Expenditures and Other Uses . . . . .	<u>97,279</u>	<u>98,125</u>	<u>89,746</u>	<u>8,379</u>
Net Change in Fund Balances . . . . .	(1,882)	(1,882)	4,001	5,883
Fund deficit at beginning of year . . . . .	(10,304)	(10,304)	(10,304)	-
Prior year encumbrances appropriated. . . . .	<u>12,186</u>	<u>12,186</u>	<u>12,186</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,883</u>	<u>\$ 5,883</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Poverty Aid/DPIA</b>				
Total Revenues and Other Sources . . . . .	\$ 741,085	\$ 793,126	\$ 756,622	\$ (36,504)
Total Expenditures . . . . .	<u>741,085</u>	<u>793,126</u>	<u>739,987</u>	<u>53,139</u>
Net Change in Fund Balances . . . . .	-	-	16,635	16,635
Fund balance at beginning of year . . . . .	-	-	-	-
Prior year encumbrances appropriated. . . . .	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,635</u>	<u>\$ 16,635</u>
<b>Miscellaneous State Grants</b>				
Total Revenues and Other Sources . . . . .	\$ 41,000	\$ 88,000	\$ 89,399	\$ 1,399
Total Expenditures and Other Uses . . . . .	<u>69,623</u>	<u>117,023</u>	<u>102,138</u>	<u>14,885</u>
Net Change in Fund Balances . . . . .	(28,623)	(29,023)	(12,739)	16,284
Fund balance at beginning of year . . . . .	15,960	15,960	15,960	-
Prior year encumbrances appropriated. . . . .	<u>13,064</u>	<u>13,064</u>	<u>13,064</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 401</u>	<u>\$ 1</u>	<u>\$ 16,285</u>	<u>\$ 16,284</u>
<b>Title VI-B</b>				
Total Revenues and Other Sources . . . . .	\$ 2,048,169	\$ 2,027,482	\$ 1,500,767	\$ (526,715)
Total Expenditures and Other Uses . . . . .	<u>2,058,555</u>	<u>2,058,874</u>	<u>1,676,047</u>	<u>382,827</u>
Net Change in Fund Balances . . . . .	(10,386)	(31,392)	(175,280)	(143,888)
Fund deficit at beginning of year . . . . .	(27,302)	(27,302)	(27,302)	-
Prior year encumbrances appropriated. . . . .	<u>58,694</u>	<u>58,694</u>	<u>58,694</u>	<u>-</u>
Fund deficit at end of year . . . . .	<u>\$ 21,006</u>	<u>\$ -</u>	<u>\$ (143,888)</u>	<u>\$ (143,888)</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Title I</b>				
Total Revenues and Other Sources. . . . .	\$ 2,773,215	\$ 2,941,405	\$ 2,658,494	\$ (282,911)
Total Expenditures and Other Uses. . . . .	<u>2,896,390</u>	<u>3,059,485</u>	<u>2,719,709</u>	<u>339,776</u>
Net Change in Fund Balances . . . . .	(123,175)	(118,080)	(61,215)	56,865
Fund deficit at beginning of year. . . . .	(109,550)	(109,550)	(109,550)	-
Prior year encumbrances appropriated. . .	<u>232,728</u>	<u>232,728</u>	<u>232,728</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 3</u>	<u>\$ 5,098</u>	<u>\$ 61,963</u>	<u>\$ 56,865</u>
<b>Title VI</b>				
Total Revenues and Other Sources. . . . .	\$ 67,580	\$ 32,497	\$ 29,654	\$ (2,843)
Total Expenditures. . . . .	<u>30,453</u>	<u>35,472</u>	<u>33,322</u>	<u>2,150</u>
Net Change in Fund Balances . . . . .	37,127	(2,975)	(3,668)	(693)
Fund deficit at beginning of year. . . . .	(4,136)	(4,136)	(4,136)	-
Prior year encumbrances appropriated. . .	<u>7,111</u>	<u>7,111</u>	<u>7,111</u>	<u>-</u>
Fund deficit at end of year . . . . .	<u>\$ 40,102</u>	<u>\$ -</u>	<u>\$ (693)</u>	<u>\$ (693)</u>
<b>Drug Free Schools Program</b>				
Total Revenues and Other Sources. . . . .	\$ 59,641	\$ 59,641	\$ 54,521	\$ (5,120)
Total Expenditures. . . . .	70,819	70,819	65,598	5,221
Advances out . . . . .	<u>-</u>	<u>-</u>	<u>(5,563)</u>	<u>(5,563)</u>
Net Change in Fund Balances . . . . .	(11,178)	(11,178)	(16,640)	(5,462)
Fund deficit at beginning of year. . . . .	(5,533)	(5,533)	(5,533)	-
Prior year encumbrances appropriated. . .	<u>16,711</u>	<u>16,711</u>	<u>16,711</u>	<u>-</u>
Fund deficit at end of year . . . . .	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,462)</u>	<u>\$ (5,462)</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EHA Preschool Grant</b>				
Total Revenues and Other Sources . . . . .	\$ 47,354	\$ 51,852	\$ 39,632	\$ (12,220)
Total Expenditures and Other Uses . . . . .	<u>50,672</u>	<u>55,171</u>	<u>41,491</u>	<u>13,680</u>
Net Change in Fund Balances . . . . .	(3,318)	(3,319)	(1,859)	1,460
Fund deficit at beginning of year . . . . .	(68)	(68)	(68)	-
Prior year encumbrances appropriated. . . . .	<u>3,387</u>	<u>3,387</u>	<u>3,387</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1,460</u>	<u>\$ 1,460</u>
<b>E-Rate</b>				
Total Revenues and Other Sources . . . . .	\$ 160,000	\$ 235,000	\$ 202,267	\$ (32,733)
Total Expenditures and Other Uses . . . . .	<u>164,262</u>	<u>239,262</u>	<u>207,091</u>	<u>32,171</u>
Net Change in Fund Balances . . . . .	(4,262)	(4,262)	(4,824)	(562)
Fund balance at beginning of year . . . . .	9,035	9,035	9,035	-
Prior year encumbrances appropriated. . . . .	<u>4,246</u>	<u>4,246</u>	<u>4,246</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 9,019</u>	<u>\$ 9,019</u>	<u>\$ 8,457</u>	<u>\$ (562)</u>
<b>Reducing Class Size</b>				
Total Revenues and Other Sources . . . . .	\$ 642,423	\$ 630,013	\$ 607,790	\$ (22,223)
Total Expenditures and Other Uses . . . . .	637,423	629,003	495,964	133,039
Advances out . . . . .	<u>-</u>	<u>-</u>	<u>(111,826)</u>	<u>(111,826)</u>
Net Change in Fund Balances . . . . .	5,000	1,010	-	(1,010)
Fund deficit at beginning of year . . . . .	(31,503)	(31,503)	(31,503)	-
Prior year encumbrances appropriated. . . . .	<u>31,503</u>	<u>31,503</u>	<u>31,503</u>	<u>-</u>
Fund deficit at end of year . . . . .	<u>\$ 5,000</u>	<u>\$ 1,010</u>	<u>\$ -</u>	<u>\$ (1,010)</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Miscellaneous Federal Grants</b>				
Total Revenues and Other Sources. . . . .	\$ 55,000	\$ 57,233	\$ 51,003	\$ (6,230)
Total Expenditures and Other Uses. . . . .	<u>59,564</u>	<u>62,359</u>	<u>59,006</u>	<u>3,353</u>
Net Change in Fund Balances . . . . .	(4,564)	(5,126)	(8,003)	(2,877)
Fund deficit at beginning of year. . . . .	(6,132)	(6,132)	(6,132)	-
Prior year encumbrances appropriated. . .	<u>11,258</u>	<u>11,258</u>	<u>11,258</u>	<u>-</u>
Fund deficit at end of year . . . . .	<u>\$ 562</u>	<u>\$ -</u>	<u>\$ (2,877)</u>	<u>\$ (2,877)</u>
<b>Food Service</b>				
Total Revenues and Other Sources. . . . .	\$ 2,302,000	\$ 2,302,000	\$ 2,400,654	\$ 98,654
Total Expenditures . . . . .	<u>2,354,236</u>	<u>2,511,236</u>	<u>2,483,828</u>	<u>27,408</u>
Net Change in Fund Balances . . . . .	(52,236)	(209,236)	(83,174)	126,062
Fund balance at beginning of year . . . . .	685,239	685,239	685,239	-
Prior year encumbrances appropriated. . .	<u>10,061</u>	<u>10,061</u>	<u>10,061</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 643,064</u>	<u>\$ 486,064</u>	<u>\$ 612,126</u>	<u>\$ 126,062</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>School Activity Trusts</b>				
Total Revenues and Other Sources. . . . .	\$ 47,524	\$ 47,524	\$ 35,527	\$ (11,997)
Total Expenditures. . . . .	<u>14,198</u>	<u>20,107</u>	<u>12,033</u>	<u>8,074</u>
Net Change in Fund Balances . . . . .	33,326	27,417	23,494	(3,923)
Fund balance at beginning of year . . . . .	<u>66,099</u>	<u>66,099</u>	<u>66,099</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 99,425</u>	<u>\$ 93,516</u>	<u>\$ 89,593</u>	<u>\$ (3,923)</u>
<b>Staff Trusts</b>				
Total Revenues and Other Sources. . . . .	\$ 6,820	\$ 6,820	\$ 5,098	\$ (1,722)
Total Expenditures and Other Uses. . . . .	<u>11,902</u>	<u>16,859</u>	<u>10,087</u>	<u>6,772</u>
Net Change in Fund Balances . . . . .	(5,082)	(10,039)	(4,989)	5,050
Fund balance at beginning of year . . . . .	22,165	22,165	22,165	-
Prior year encumbrances appropriated. . . . .	<u>804</u>	<u>804</u>	<u>804</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 17,887</u>	<u>\$ 12,930</u>	<u>\$ 17,980</u>	<u>\$ 5,050</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.

**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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Permanent Improvement Fund</b>				
Total Revenues and Other Sources . . . . .	\$ 1,675,000	\$ 2,849,420	\$ 2,354,015	\$ (495,405)
Total Expenditures and Other Uses . . . . .	<u>1,969,570</u>	<u>3,369,570</u>	<u>2,257,674</u>	<u>1,111,896</u>
Net Change in Fund Balances . . . . .	(294,570)	(520,150)	96,341	616,491
Fund balance at beginning of year . . . . .	206,957	206,957	206,957	-
Prior year encumbrances appropriated. . . . .	<u>419,570</u>	<u>419,570</u>	<u>419,570</u>	<u>-</u>
Fund balance at end of year . . . . .	<u>\$ 331,957</u>	<u>\$ 106,377</u>	<u>\$ 722,868</u>	<u>\$ 616,491</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, 2006

	<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 . . .	\$ 525,000	\$ 525,000	\$ 551,749	\$ 26,749
Total Operating and Non-operating Expenses . . .	<u>520,000</u>	<u>543,000</u>	<u>502,971</u>	<u>40,029</u>
Net change in fund equity . . . . .	5,000	(18,000)	48,778	66,778
Fund equity at beginning of year. . . . .	<u>166,436</u>	<u>166,436</u>	<u>166,436</u>	<u>-</u>
Fund equity at end of year . . . . .	<u>\$ 171,436</u>	<u>\$ 148,436</u>	<u>\$ 215,214</u>	<u>\$ 66,778</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, 2006

	<b>Special Trusts</b>	<b>Endowment</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 45,110	\$ 9,984	\$ 55,094
Total assets. . . . .	45,110	9,984	55,094
<b>Net Assets:</b>			
Held in trust for scholarships . . . . .	45,110	9,984	55,094
Total net assets . . . . .	\$ 45,110	\$ 9,984	\$ 55,094

**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, 2006

	<b>Special Trusts</b>	<b>Endowment</b>	<b>Total</b>
<b>Additions:</b>			
Interest . . . . .	\$ 1,733	\$ 447	\$ 2,180
Gifts and contributions. . . . .	1,000	-	1,000
Total additions. . . . .	2,733	447	3,180
<b>Deductions:</b>			
Scholarships awarded . . . . .	3,352	350	3,702
Change in net assets . . . . .	(619)	97	(522)
<b>Net assets at beginning of year . . . . .</b>	<b>45,729</b>	<b>9,887</b>	<b>55,616</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 45,110</b>	<b>\$ 9,984</b>	<b>\$ 55,094</b>

**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, 2006

	<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 . . .	\$ 3,656	\$ 3,656	\$ 2,733	\$ (923)
Total Operating and Non-operating Expenses . . .	<u>4,604</u>	<u>6,063</u>	<u>3,627</u>	<u>2,436</u>
Net change in fund equity . . . . .	(948)	(2,407)	(894)	1,513
Fund equity at beginning of year. . . . .	45,479	45,479	45,479	-
Prior year encumbrances appropriated. . . .	<u>250</u>	<u>250</u>	<u>250</u>	<u>-</u>
Fund equity at end of year . . . . .	<u>\$ 44,781</u>	<u>\$ 43,322</u>	<u>\$ 44,835</u>	<u>\$ 1,513</u>
<b>Endowment</b>				
Total Operating and Non-operating Revenues . . .	\$ 700	\$ 700	\$ 447	\$ (253)
Total Operating and Non-operating Expenses . . .	<u>700</u>	<u>700</u>	<u>350</u>	<u>350</u>
Net change in fund equity . . . . .	-	-	97	97
Fund equity at beginning of year. . . . .	<u>9,887</u>	<u>9,887</u>	<u>9,887</u>	<u>-</u>
Fund equity at end of year . . . . .	<u>\$ 9,887</u>	<u>\$ 9,887</u>	<u>\$ 9,984</u>	<u>\$ 97</u>

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

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Beginning Balance July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance June 30, 2006</u>
<b>Student Managed Activities</b>				
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . .	\$ 56,736	\$ 80,895	\$ 75,018	\$ 62,613
<b>Liabilities:</b>				
Due to students . . . . .	\$ 56,736	\$ 80,895	\$ 75,018	\$ 62,613

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# STATISTICAL SECTION

**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>113-119</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>120-125</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>126-129</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>130-134</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>135-137</b>

**Sources:** This is the District's first comprehensive annual financial report. 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 FIVE FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

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

**Source:** School District financial records.

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

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Expenses</b>					
Governmental activities:					
Instruction:					
Regular	\$ 28,553,388	\$ 28,662,755	\$ 26,376,443	\$ 24,508,474	\$ 23,411,738
Special	7,431,992	6,847,032	6,345,783	5,795,463	5,757,682
Vocational	1,087,737	1,089,735	1,182,704	1,037,110	856,973
Other instructional	194,920	13,059	16,306	9,625	103,762
Support services:					
Pupil	2,901,350	2,847,301	2,968,230	2,703,972	2,594,162
Instructional staff	4,734,810	3,898,544	3,946,139	3,486,646	3,470,282
Board of education	345,371	341,420	237,432	237,865	291,754
Administration	3,910,074	3,945,441	4,191,719	3,988,909	3,806,315
Fiscal	1,105,748	1,008,723	1,032,761	1,006,549	999,495
Business	582,607	523,402	527,942	535,545	539,054
Operations and maintenance	5,174,107	5,171,450	4,960,836	4,744,279	4,037,085
Pupil transportation	2,565,336	2,345,807	2,167,866	2,068,391	1,870,559
Central	944,617	881,931	780,036	914,265	879,653
Operation of non-instructional services:					
Food service operations	2,604,010	2,353,651	2,382,382	2,270,663	2,161,102
Other non-instructional services	232,141	149,780	321,243	83,422	83,732
Extracurricular activities	1,071,732	900,135	899,861	860,452	851,835
Intergovernmental pass-through	629,679	567,254	571,244	694,466	694,298
Interest and fiscal charges	3,071,064	1,142,139	337,037	383,297	425,593
Total governmental activities expenses	<u>67,140,683</u>	<u>62,689,559</u>	<u>59,245,964</u>	<u>55,329,393</u>	<u>52,835,074</u>

- (Continued)

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

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

<b>Program Revenues</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Governmental activities:					
Charges for services:					
Instruction:					
Regular	\$ 504,724	\$ 435,994	\$ 509,081	\$ 600,865	\$ 354,595
Special	-	-	-	-	55,533
Other	-	-	-	-	14,814
Support services:					
Instructional staff	-	-	-	-	29,006
Board of education	-	-	-	-	-
Administration	-	-	-	-	-
Fiscal	23,031	22,764	25,413	-	-
Operations and maintenance	6,103	-	-	-	-
Pupil transportation	31,583	36,234	56,190	26,144	-
Operation of non-instructional services:					
Food service operations	1,167,613	1,115,521	1,111,397	1,143,462	1,140,197
Other non-instructional services	1,853	40,739	13,809	59,533	19,481
Extracurricular activities	243,028	224,315	186,547	252,401	215,105
Operating grants and contributions:					
Instruction:					
Regular	1,189,563	924,400	918,509	695,927	1,414,333
Special	2,483,275	2,571,207	2,124,975	1,999,072	1,386,837
Vocational	-	-	4,949	275,412	32,011
Other instructional	-	-	-	-	94,583
Support services:					
Pupil	86,205	85,377	161,869	611,351	100,168
Instructional staff	1,953,205	1,239,356	989,676	1,044,045	692,945
Administration	317,262	285,052	279,937	106,734	243,264
Fiscal	16,952	16,946	17,568	10,670	24,739
Operations and maintenance	1,126	53,875	47,566	-	-
Pupil transportation	7,711	13,926	3,683	-	3,650
Central	266,704	258,820	124,201	151,810	110,676
Operation of non-instructional services:					
Food service operations	1,303,190	1,389,461	1,189,780	1,045,963	986,069
Other non-instructional services	99,392	128,339	726,918	14,027	54,333
Extracurricular activities	33,298	44,861	68,353	-	142,398
Intergovernmental pass-through	571,711	604,068	-	621,248	688,602
Capital grants and contributions:					
Instruction:					
Regular	-	-	134,475	27,368	156,123
Vocational	-	-	-	405	7,796
Support services:					
Pupil transportation	-	-	-	-	75,144
Central	-	-	-	-	8,700
Operation of non-instructional services:					
Other non-instructional services	-	-	-	-	52,877
Total governmental program revenues	<u>10,307,529</u>	<u>9,491,255</u>	<u>8,694,896</u>	<u>8,686,437</u>	<u>8,103,979</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	<u>(56,833,154)</u>	<u>(53,198,304)</u>	<u>(50,551,068)</u>	<u>(46,642,956)</u>	<u>(44,731,095)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Property taxes levied for:					
General purposes	\$ 13,703,475	\$ 13,508,764	\$ 14,311,729	\$ 14,055,686	\$ 12,893,048
Debt service	4,139,536	3,109,628	502,213	504,191	529,776
Capital outlay	1,393,660	1,402,882	1,493,491	1,499,180	1,439,871
School district income taxes	6,865,451	6,954,810	6,675,694	6,417,041	6,665,355
Grants and entitlements not restricted to specific programs	26,074,935	25,913,567	25,130,747	22,430,681	22,642,337
Investment earnings	3,197,642	983,403	274,759	396,083	826,007
Miscellaneous	60,890	41,841	124,922	57,260	174,698
Special Item:					
Gain on sale of building	153,011	-	-	-	-
Total governmental activities	<u>55,588,600</u>	<u>51,914,895</u>	<u>48,513,555</u>	<u>45,360,122</u>	<u>45,171,092</u>
Total primary government	<u>55,588,600</u>	<u>51,914,895</u>	<u>48,513,555</u>	<u>45,360,122</u>	<u>45,171,092</u>
<b>Change in Net Assets</b>					
Governmental activities	<u>\$ (1,244,554)</u>	<u>\$ (1,283,409)</u>	<u>\$ (2,037,513)</u>	<u>\$ (1,282,834)</u>	<u>\$ 439,997</u>

Source: School District financial records.

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

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Fund:					
Reserved	\$ 1,384,162	\$ 2,253,879	\$ 3,056,114	\$ 2,869,336	\$ 1,921,386
Unreserved	<u>2,840,394</u>	<u>6,171,645</u>	<u>9,724,153</u>	<u>11,848,025</u>	<u>13,709,331</u>
Total general fund	<u>\$ 4,224,556</u>	<u>\$ 8,425,524</u>	<u>\$ 12,780,267</u>	<u>\$ 14,717,361</u>	<u>\$ 15,630,717</u>
All Other Governmental Funds:					
Reserved	\$ 40,587,089	\$ 8,113,911	\$ 1,438,404	\$ 1,038,802	\$ 1,487,588
Unreserved, reported in:					
Special revenue funds	322,777	1,112,823	442,626	549,320	1,026,623
Capital projects funds	25,765,669	45,356,433	757,890	892,703	866,111
Debt service funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 66,675,535</u>	<u>\$ 54,583,167</u>	<u>\$ 2,638,920</u>	<u>\$ 2,480,825</u>	<u>\$ 3,380,322</u>

**Source:** School District financial records.

(1) Fiscal year 1997 was reported on cash-basis

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997 (1)</u>
\$ 5,597,296	\$ 3,606,902	\$ 1,105,913	\$ 1,051,156	\$ -
<u>10,781,632</u>	<u>7,675,712</u>	<u>4,526,838</u>	<u>33,119</u>	<u>1,508,894</u>
<u>\$ 16,378,928</u>	<u>\$ 11,282,614</u>	<u>\$ 5,632,751</u>	<u>\$ 1,084,275</u>	<u>\$ 1,508,894</u>
\$ 1,645,844	\$ 1,706,553	\$ 1,494,447	\$ 1,073,223	\$ -
791,047	534,897	229,155	437,974	1,006,544
352,858	(22,339)	(268,513)	227,350	2,110,808
<u>-</u>	<u>-</u>	<u>469,842</u>	<u>417,449</u>	<u>222,909</u>
<u>\$ 2,789,749</u>	<u>\$ 2,219,111</u>	<u>\$ 1,924,931</u>	<u>\$ 2,155,996</u>	<u>\$ 3,340,261</u>

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

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Revenues</b>					
From local sources:					
Taxes	\$ 29,257,119	\$ 24,950,728	\$ 23,079,582	\$ 22,360,732	\$ 21,955,345
Tuition	433,518	314,139	377,784	365,798	266,839
Transportation fees	31,583	36,234	-	-	-
Charges for services	1,167,738	1,119,220	1,108,670	1,142,365	1,138,057
Earnings on investments	2,517,486	889,366	255,264	441,642	910,298
Extracurricular	244,881	265,338	201,028	190,769	207,826
Classroom materials and fees	107,197	123,699	-	-	-
Other local revenues	252,129	252,571	517,556	560,545	502,133
Other revenue	-	31,630	11,658	48,068	150,100
Intergovernmental - intermediate	16,300	-	-	-	-
Intergovernmental - State	25,250,479	27,316,257	26,617,391	24,104,580	24,827,063
Intergovernmental - Federal	5,960,152	6,741,015	4,860,884	3,690,727	4,284,498
<b>Total revenues</b>	<u>65,238,582</u>	<u>62,040,197</u>	<u>57,029,817</u>	<u>52,905,226</u>	<u>54,242,159</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	27,975,004	28,065,173	25,961,258	23,448,873	22,504,640
Special	7,430,230	6,921,107	6,311,759	5,758,438	5,739,944
Vocational	1,072,877	1,060,164	1,176,775	985,991	823,787
Adult/Continuing	-	-	-	-	-
Other	186,415	13,059	16,306	9,625	103,762
Current:					
Pupil	2,855,961	2,832,431	2,933,163	2,707,721	2,548,054
Instructional staff	4,602,871	3,799,201	3,639,499	3,398,310	3,350,064
Board of education	345,371	341,420	237,432	237,865	291,754
Administration	3,841,841	3,785,983	4,260,278	3,894,744	3,774,296
Fiscal	1,091,412	1,013,159	1,024,811	985,215	1,015,716
Business	578,033	518,418	523,986	528,695	531,334
Operations and maintenance	5,155,432	4,753,538	4,811,768	4,328,616	3,964,949
Pupil transportation	2,732,911	2,416,712	2,098,721	2,098,983	1,819,169
Central	919,891	856,895	782,421	897,046	833,307
Operation of non-instructional services:					
Food service operations	2,613,723	2,265,445	2,223,606	2,008,198	2,114,495
Other non-instructional services	52,847	211,071	107,094	103,301	155,676
Extracurricular activities	1,044,681	873,950	877,989	826,851	821,866
Intergovernmental pass-through	629,679	567,254	570,992	694,466	694,298
Facilities acquisitions and construction	9,977,873	2,401,055	467,077	1,077,052	709,610
Capital outlay	408,409	-	-	155,787	-
Debt service:					
Principal retirement	1,689,314	256,368	423,986	380,716	449,117
Interest and fiscal charges	2,915,044	1,061,833	339,375	387,156	430,457
Bond issue costs	367,892	-	-	-	-
<b>Total expenditures</b>	<u>78,487,711</u>	<u>64,014,236</u>	<u>58,788,296</u>	<u>54,913,649</u>	<u>52,676,295</u>
Excess of revenues over (under) expenditures	(13,249,129)	(1,974,039)	(1,758,479)	(2,008,423)	1,565,864
<b>Other Financing Sources (Uses)</b>					
Transfers in	45,000	61,429	40,000	71,613	-
Transfers (out)	(45,000)	(61,429)	(40,000)	(71,613)	-
Advances in	-	-	-	-	-
Advances (out)	-	-	-	-	-
Refund of prior year expenditure	-	50,000,000	-	4,233	-
Refund of prior year receipt	-	-	-	-	-
Other miscellaneous sources of funds	-	-	-	-	-
Sale of capital assets	17,545	10,700	-	-	16,312
Capital lease transaction	408,409	-	-	155,787	-
Premium on bond issuance	657,621	461,824	-	-	-
Payment to refunded bond escrow	(5,615,280)	-	-	-	-
Issuance of notes	25,414,998	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>20,883,293</u>	<u>50,472,524</u>	<u>-</u>	<u>160,020</u>	<u>16,312</u>
<b>Special Item:</b>					
Sale of building	250,000	-	-	-	-
<b>Net change in fund balances</b>	<u>\$ 7,884,164</u>	<u>\$ 48,498,485</u>	<u>\$ (1,758,479)</u>	<u>\$ (1,848,403)</u>	<u>\$ 1,582,176</u>
Debt service as a percentage of noncapital expenditures	6.37%	2.06%	1.30%	1.40%	1.67%

**Source:** School District financial records.

(1) Fiscal year 1997 was reported on cash-basis

	2001	2000	1999	1998	1997 (1)
\$	24,228,094	\$ 23,747,527	\$ 26,035,641	\$ 18,800,327	\$ 17,500,035
	260,298	438,598	205,311	125,254	83,112
	-	-	-	-	41,600
	-	-	-	-	-
	1,520,669	1,126,142	503,798	431,001	458,035
	190,378	219,988	212,225	229,016	274,537
	-	-	-	-	698
	448,289	314,298	229,101	342,803	256,064
	103,445	-	-	56,849	30,606
	-	-	-	-	-
	26,803,962	25,298,675	25,681,774	20,857,640	21,033,378
	-	-	-	1,915,546	1,983,739
	<u>53,555,135</u>	<u>51,145,228</u>	<u>52,867,850</u>	<u>42,758,436</u>	<u>41,661,804</u>
	21,720,645	20,632,924	21,888,841	20,549,114	19,446,930
	4,433,452	4,419,359	4,479,888	4,226,510	4,219,783
	681,858	738,881	814,731	770,389	810,116
	-	-	-	19,223	-
	77,775	16,931	18,324	-	21,111
	2,200,299	2,043,932	2,076,218	1,933,919	2,015,164
	2,598,403	2,399,199	2,631,328	2,235,914	2,210,810
	356,526	259,788	148,382	190,098	206,643
	3,298,578	2,996,761	3,015,703	2,837,577	2,976,476
	973,054	871,172	957,622	726,467	700,261
	755,938	715,093	734,962	674,968	650,184
	4,321,346	3,858,886	3,928,499	4,001,293	3,958,526
	1,965,737	1,581,473	1,461,624	1,679,680	1,459,003
	987,512	541,948	503,586	216,163	165,474
	-	-	-	-	-
	640,510	722,556	621,231	603,365	673,256
	690,814	728,513	738,505	781,012	802,691
	15,000	-	-	-	-
	-	-	-	-	943,672
	1,903,264	1,404,394	1,262,643	1,414,838	-
	543,032	485,000	460,000	250,000	318,083
	450,746	494,920	549,725	213,202	-
	-	-	-	-	-
	<u>48,614,489</u>	<u>44,911,730</u>	<u>46,291,812</u>	<u>43,323,732</u>	<u>41,578,183</u>
	4,940,646	6,233,498	6,576,038	(565,296)	83,621
	-	698,008	67,648	180,764	269,302
	(2,556)	(980,675)	(130,825)	(945,355)	(268,776)
	-	-	-	-	11,583
	-	-	-	-	(192,303)
	-	-	-	283,765	60,082
	-	-	-	(14,912)	(7,145)
	-	-	-	6,615	-
	13,748	1,100	5,883	1,513	2,000
	685,679	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	2,803,870	-
	696,871	(281,567)	(57,294)	2,316,260	(125,257)
	-	-	-	-	-
\$	<u>5,637,517</u>	<u>5,951,931</u>	<u>6,518,744</u>	<u>1,750,964</u>	<u>(41,636)</u>

2.13%

2.25%

2.24%

1.11%

0.77%

**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>
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
1997	458,498,250	1,309,995,000	60,862,260	243,449,040	39,489,670	112,827,629

**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>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>%</b>
\$ 828,659,310	\$ 2,436,763,960	34.01%
750,141,260	2,209,834,045	33.95%
746,325,330	2,207,906,520	33.80%
732,746,990	2,164,579,869	33.85%
674,261,760	2,001,002,172	33.70%
673,738,840	1,997,244,651	33.73%
660,622,400	1,952,001,429	33.84%
585,973,920	1,741,994,640	33.64%
568,797,930	1,694,361,777	33.57%
558,850,180	1,666,271,669	33.54%

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

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

<b>Tax Year/ Collection Year</b>	<b>Overlapping Rates</b>		<b>Direct Rates</b>					<b>Licking County Joint Vocational School</b>
	<b>County</b>	<b>City</b>	<b>Voted</b>			<b>Unvoted</b>	<b>Total</b>	
			<b>General</b>	<b>Bond</b>	<b>Permanent Improvement</b>			
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
1996/1997	7.20	3.70	41.00	-	2.90	4.10	48.00	2.00

Source: Licking County Auditor's Office

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

**PRINCIPAL PROPERTY TAX PAYERS  
TAX YEARS 2005 AND 1999**

<b>December 31, 2005</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>
Owens Corning, Inc.	\$ 20,975,960	1	2.53%
Ohio Power	18,105,870	2	2.18%
Alltel Ohio, Inc.	5,898,310	3	0.71%
Kroger Company	3,743,010	4	0.45%
Meijer Stores Ltd. Ptnr.	3,703,950	5	0.45%
Acuity Lighting Group	3,328,520	6	0.40%
Health Care Prop. Investors Inc.	2,644,530	7	0.32%
Gannett Company Inc.	2,529,320	8	0.31%
Coughlin Chevrolet Inc.	2,489,780	9	0.30%
State Farm Mutual Auto Insurance	2,257,300	10	0.27%
Total	<u>\$ 65,676,550</u>		<u>\$ 828,659,310</u>

<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%
Total	<u>\$ 76,361,850</u>		<u>585,973,920</u>

**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>
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%
1996/1997	19,348,475	1,046,280	20,394,755	18,700,500	96.65%

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

<b>Delinquent Collection</b>	<b>Total Collection</b>	<b>Total Collection As a Percent of Total Levy</b>
\$ 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%
449,812	19,150,312	93.90%

**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>			
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
1997	1,210,000	-	-	1,210,000	27	166

**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>
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
1997	1,210,000	1,210,000	0.07%	27

**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, 2006

<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)	\$ 828,659,310	\$ -	100.00%	\$ -
Overlapping debt:				
City of Newark	828,435,710	19,611,000	99.70%	19,552,167
Licking County	3,647,450,390	<u>25,012,919</u>	22.72%	<u>5,682,935</u>
Total direct and overlapping debt		<u>\$ 44,623,919</u>		<u>\$ 25,235,102</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>
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%
1997	50,296,516	1,210,000	243,470	966,530	49,329,986	1.92%

**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.

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>
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%
1997	44,389	11,680	33.0	7,300	4.0%	4.6%	4.9%

(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, 2005</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
State Farm Insurance Company	1,401	1	8.03%
Newark City Schools	1,312	2	7.52%
Licking County Government	1,243	3	7.13%
Licking County Memorial Hospital	1,195	4	6.85%
Anomatic Corp.	1,145	5	6.56%
Owens Corning, Inc.	1,045	6	5.99%
OSU-N/COTC	650	7	3.73%
Longaberger, Inc.	600	8	3.44%
Park National Bank Corporation	493	9	2.83%
Newark City Government	489	10	2.80%
<b>Total</b>	<b>9,573</b>		<b>54.88%</b>

<b>Employer</b>	<b>December 31, 1996</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Owens Corning Fiberglas	1,901	1	10.90%
Newark Board of Education	1,308	2	7.50%
Licking Memorial Hospital	1,185	3	6.79%
Licking County	1,153	4	6.61%
State Farm Insurance	1,117	5	6.40%
Anomatic Corporation	1,068	6	6.12%
Kelley Services	1,020	7	5.85%
Central Ohio Technical College/OSU-Newark Branch	902	8	5.17%
Meijer, Inc.	776	9	4.45%
City of Newark	619	10	3.55%
<b>Total</b>	<b>11,049</b>		<b>63.34%</b>

**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 FOUR FISCAL YEARS**

<u>Type</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Office - administrative	32.0	33.0	39.0	38.0
Professional - educational	480.2	506.4	520.4	499.0
Professional - other	22.2	23.8	20.8	20.8
Technical	38.8	35.8	22.9	22.3
Office - clerical	63.3	69.7	77.5	77.2
Craft & trade	11.0	12.0	12.0	12.0
Operative	35.1	33.8	30.8	32.8
Service worker/laborer	118.6	113.8	114.6	112.3
<b>Total</b>	<b>801.2</b>	<b>828.3</b>	<b>838.0</b>	<b>814.4</b>
<u>Function</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Instruction:				
Regular	333.9	369.7	357.9	356.5
Special	98.5	103.1	118.5	96.8
Vocational	13.0	15.0	15.0	16.0
Other	1.0	0.0	0.0	0.0
Support Services:				
Pupil	42.3	44.3	45.4	41.3
Instructional staff	88.4	78.3	75.7	76.9
Administration	52.8	54.8	56.9	57.8
Fiscal	8.0	8.1	9.0	9.0
Business	6.5	6.5	6.6	6.5
Operations and maintenance	59.8	60.7	61.2	63.1
Pupil transportation	46.4	41.1	38.6	40.1
Central	3.0	2.0	4.0	5.0
Other non-instructional services:				
Food service operations	40.0	37.3	37.6	37.5
Other non-instructional	5.5	4.7	8.9	5.2
Extracurricular activities	2.1	2.7	2.7	2.7
<b>Total Governmental Activities</b>	<b>801.2</b>	<b>828.3</b>	<b>838.0</b>	<b>814.4</b>

**Source:** School District records

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

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

<b>Function</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>1997</b>
<b>Instruction:</b>										
Regular and Special										
Enrollment (students)	6,756	6,868	6,978	6,973	6,985	7,222	7,395	7,433	7,594	7,300
Graduates	343	342	379	358	389	423	376	423	347	414
<b>Support services:</b>										
Board of education										
Regular meetings per year	11	11	12	12	11	12	11	11	11	11
Special meetings per year	12	12	12	9	19	14	6	18	5	9
Administration										
Student attendance rate	94.50%	94.30%	94.30%	94.10%	93.60%	93.00%	93.40%	92.80%	92.60%	92.80%
Fiscal										
Nonpayroll checks issued	4,433	4,724	4,903	5,059	5,563	6,323	6,673	6,992	6,934	7,891
Operations and maintenance										
Square footage maintained	5,403	5,782	5,782	5,782	5,782	5,782	5,782	5,782	5,782	5,782
Pupil transportation										
Avg. students transported daily	3,207	3,661	3,553	3,864	3,545	3,837	3,968	3,772	3,985	n/a
Food service operations										
Meals served to students	718,825	687,158	648,920	620,651	592,566	579,042	626,088	619,940	n/a	n/a

**Source:** District records

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

**CAPITAL ASSET STATISTICS  
LAST FIVE FISCAL YEARS**

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003 (1)</u>	<u>2002</u>
Land	\$ 1,706,908	\$ 1,713,468	\$ 774,622	\$ 774,622	\$ 801,394
Land improvements	134,111	176,670	176,968	158,795	140,394
Buildings and improvements	5,348,085	5,798,231	5,691,531	6,305,152	6,858,984
Furniture, fixtures and equipment	1,589,540	1,203,641	1,591,234	1,753,042	3,464,335
Vehicles	1,601,981	1,327,627	1,246,020	1,184,183	1,215,216
Construction in progress	9,494,295	382,680	12,084	6,748	-
 Total Governmental Activities Capital Assets, net	 <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.

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

**SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS**

	<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>1997</b>
Ben Franklin Elementary (1954)										
Square feet	38,632	38,632	38,632	38,632	38,632	38,632	38,632	38,632	38,632	38,632
Capacity (students)	309	309	309	309	309	309	309	309	309	309
Enrollment	296	265	272	274	255	273	278	304	301	310
Cherry Valley Elementary (1916)										
Square feet	30,160	30,160	30,160	30,160	30,160	30,160	30,160	30,160	30,160	30,160
Capacity (students)	241	241	241	241	241	241	241	241	241	241
Enrollment	370	293	287	286	302	321	309	343	329	327
Conrad Elementary (1905)										
Square feet	28,875	28,875	28,875	28,875	28,875	28,875	28,875	28,875	28,875	28,875
Capacity (students)	231	231	231	231	231	231	231	231	231	231
Enrollment	229	214	198	204	226	229	213	258	259	253
Hazelwood Elementary (1910)										
Square feet	(1)	23,036	23,036	23,036	23,036	23,036	23,036	23,036	23,036	23,036
Capacity (students)	(1)	184	184	184	184	184	184	184	184	184
Enrollment	(1)	223	233	231	230	222	222	200	212	182
John Clem Elementary (1958)										
Square feet	28,152	28,152	28,152	28,152	28,152	28,152	28,152	28,152	28,152	28,152
Capacity (students)	225	225	225	225	225	225	225	225	225	225
Enrollment	341	352	336	336	318	348	366	372	392	308
Kettering Elementary (1958)										
Square feet	17,021	17,021	17,021	17,021	17,021	17,021	17,021	17,021	17,021	17,021
Capacity (students)	136	136	136	136	136	136	136	136	136	136
Enrollment	282	279	277	261	280	285	279	308	301	139
Maholm Elementary (1954)										
Square feet	(2)	24,487	24,487	24,487	24,487	24,487	24,487	24,487	24,487	24,487
Capacity (students)	(2)	195	195	195	195	195	195	195	195	195
Enrollment	(2)	159	174	176	163	156	162	162	160	130
McGuffey Elementary (1958)										
Square feet	32,562	32,562	32,562	32,562	32,562	32,562	32,562	32,562	32,562	32,562
Capacity (students)	260	260	260	260	260	260	260	260	260	260
Enrollment	367	290	300	299	288	309	317	313	330	233
Miller Elementary (1969)										
Square feet	33,197	33,197	33,197	33,197	33,197	33,197	33,197	33,197	33,197	33,197
Capacity (students)	265	265	265	265	265	265	265	265	265	265
Enrollment	396	377	391	397	378	389	408	432	382	354
North Elementary (1928)										
Square feet	36,784	36,784	36,784	36,784	36,784	36,784	36,784	36,784	36,784	36,784
Capacity (students)	294	294	294	294	294	294	294	294	294	294
Enrollment	394	391	401	379	378	367	345	388	361	334
West Main Intermediate (1925)										
Square feet	54,330	54,330	54,330	54,330	54,330	54,330	54,330	54,330	54,330	54,330
Capacity (students)	434	434	434	434	434	434	434	434	434	434
Enrollment	423	424	387	406	411	426	440	415	429	314
Central Intermediate (1940)										
Square feet	43,961	43,961	43,961	43,961	43,961	43,961	43,961	43,961	43,961	43,961
Capacity (students)	352	352	352	352	352	352	352	352	352	352
Enrollment	317	372	382	370	358	366	362	378	409	350
Lincoln Middle School (1929)										
Square feet	56,959	56,959	56,959	56,959	56,959	56,959	56,959	56,959	56,959	56,959
Capacity (students)	455	455	455	455	455	455	455	455	455	455
Enrollment	362	230	264	257	260	294	289	298	331	471
Roosevelt Middle School (1929)										
Square feet	58,453	58,453	58,453	58,453	58,453	58,453	58,453	58,453	58,453	58,453
Capacity (students)	387	387	387	387	387	387	387	387	387	387
Enrollment	341	349	326	357	368	353	387	393	397	544
Wilson Middle School (1929)										
Square feet	55,525	55,525	55,525	55,525	55,525	55,525	55,525	55,525	55,525	55,525
Capacity (students)	367	367	367	367	367	367	367	367	367	367
Enrollment	375	395	390	410	431	411	407	440	427	479
High School (1961)										
Square feet	241,763	241,763	241,763	241,763	241,763	241,763	241,763	241,763	241,763	241,763
Capacity (students)	1,447	1,447	1,447	1,447	1,447	1,447	1,447	1,447	1,447	1,447
Enrollment	1,712	1,731	1,826	1,815	1,827	1,959	2,043	2,151	2,131	2,146
Administrative Service Center										
Square feet	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000
Transportation and warehouse										
Square feet	21,400	21,400	21,400	21,400	21,400	21,400	21,400	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

**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		
2006	\$ 78,487,711	\$ 11,617	\$ 67,140,683	\$ 9,938	6,756	-1.63%
2005	64,014,236	9,321	62,689,559	9,128	6,868	-1.58%
2004	58,788,296	8,425	59,245,964	8,490	6,978	0.07%
2003	54,913,649	7,875	55,329,393	7,935	6,973	-0.17%
2002	52,676,295	7,541	52,835,074	7,564	6,985	-3.28%
2001	48,614,489	6,731	n/a	n/a	7,222	-2.34%
2000	44,911,730	6,073	n/a	n/a	7,395	-0.51%
1999	46,291,812	6,228	n/a	n/a	7,433	-2.12%
1998	43,323,732	5,705	n/a	n/a	7,594	4.03%
1997	41,578,183	5,696	n/a	n/a	7,300	-2.93%

**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>
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%
403	18.11	92.80%

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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 13, 2007**